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NEWS SUMMARY

GENERAL

Boeing flew over Soviet bases

...o passengers died when a ...uth Korean Boeing 707 with ... people aboard landed on a ...zen Soviet lake near the ...nish border.

The airliner ignored instruc...ns from Soviet fighter aircraft ...nt up to lead it to an airfield ...d flew on for two hours in ...viet airspace, it was claimed ...Moscow.

Soviet officials said that the ...liner was hundreds of miles ...course when it flew over a ...hly sensitive area where ...al and rocket installations are ...centrated.

...n Washington Mr. Zbigniew ...zezinski, White House security ...airs adviser, said that Soviet ...ters had fired at the airliner. The airliner was on a ...eduled flight from Paris to ...ul via Anchorage in Alaska. ...e 2

...eer's son dies ... Rhodesia war

...d Richard Cecil, 30, second ... of the Marquess of Salisbury ... former member of the ...nadier Guards and the Special ...Service, has been killed while ...ling fighting between ...odesian troops and black ...ionalist guerillas. He was an ...redited war correspondent. ...odesia's capital was named ...r Lord Richard's great-great-...ndfather who was Prime ...ister when Rhodesia was first ...nised in 1890.

...esh efforts to ...ve Moro's life

...Italian political parties, parti...rly the ruling Christian ...nocrats, searched for a com...nise formula which might ... the life of the Sig Aldo ...o, 61, the former Premier, the ...istian Democrats asked his ... Brigades kidnappers to say ...t they wanted as the price ...his life. It appeared that the ...argaining line might be ...ified. Page 2

...inmen's £70,000 ...SC pay raid

... or six masked men, wearing ... overalls and black woollen ... snatched a £70,000 payroll ...a raid on the British Steel ...poration's Bilston, West Mid-...ds, plant. The gang blasted ...y with shotguns after one ...loyee pelted them with ...s of office equipment. The ...ers escaped with the cash in ...n. There were no injuries.

...wo die in Belfast ...ipyard blast

... people died and eight were ...red in an explosion at the ...ast shipyard of Harland and ...ff. The explosion, thought to ... been caused by gas, was in ... engine room of a bulk ...ier construction. The cause ...eing investigated.

...angladesh poll

...idential elections are to be ... in Bangladesh on June 3 as ...tep towards returning the ...itry to democracy, President ...r Rahman broadcast from ...a.

...inks quizzed

...n Spinks, who won the world ...yweight boxing champion-... from Muhammad Ali, was ...ised to await formal charges ... being detained on suspicion ... possessing cocaine and ...ijuana, St. Louis, Missouri ...e said.

...iefly ...

...elfast girl, 21, who killed her ...er after enduring sex slavery, ... been freed by the Home ...etary from a seven year ...ence.

... antique dealer, 60, was so ...ried by a two-year tax investi-...on that he shot himself, an ...est was told.

...ce Andrew received his para-...e wings at R.A.F. Brize ...ton.

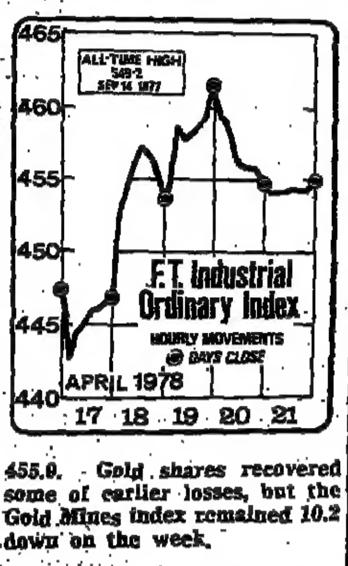
...oloured man, who had been ...hing the TV film, Roots, ...t U.S. slavery, took revenge ...aping a white teacher, it was ...ged at the Old Bailey.

... Edward Heath opened the ...t club at Brighton marina.

BUSINESS

Gilts and equities quiet; gold up $2¼

● EQUITIES moved narrowly at the end of the first leg of the new Account, and the FT ordinary index closed 0.2 up at



455.0. Gold shares recovered some of earlier losses, but the Gold Mines index remained 10.2 down on the week.

● GILTS were dull, with shorts unchanged and longs ¼ down in unchanged and longs ¼ down. The Government Securities index closed 0.26 down at 71.57.

● GOLD gained $2¼ to $171¼ an ounce in London. New York Comex's April settlement price was $170.50, down 10 cents.

● STERLING was still weak but after Bank of England assistance closed 15 points up at $1.8260, its trade-weighted index improving to 61.5 (61.5). The dollar's index, on Bank of England figures was 90.3 (90.4).

● WALL STREET closed 1.74 down at 812.80.

● STOCK EXCHANGE trading on its new options market recorded 600 contracts traded in its first day of operation. Page 3. Table, Page 28 and Lex

● LLOYD'S of London is considering at least two other bids for Lloyd's brokers by outside insurance interests. Back Page 9

● PRIVATE INVESTORS are continuing to sell shares at a near record rate, while building up national savings and building society deposits, according to government statistics. Back Page

Shipbuilding compensation

● VICKERS SHIPBUILDING is to receive interim compensation of £4m. from the Government for the nationalisation of its assets last July. Page 4

● ALFRED HERBERT is to receive £10m. of new equity capital from the National Enterprise Board for re-organisation and re-equipment. Back Page

● ACAS has again refused to recommend recognition for the non-TUC affiliated United Kingdom Association of Professional Engineers in an engineering plant, in spite of evidence of majority support. Back Page

● HOUSE OF FRASER is introducing a profit sharing scheme making shares worth up to £2,000 a year available to employees. Page 3

● ELECTRICITY COUNCIL and the Electricity Consumers Council are in dispute over electricity prices, which, the consumers council has claimed, increased four-fold between 1962 and 1976. Page 4

COMPANIES

● S. PEARSON AND SON pre-tax profits for 1977 were a record £33.28m. (£28.54m.) on full-year turnover of £328.5m. (£290m.) excluding banking and investment income. Page 18

● YOUGHAL CARPETS pre-tax profit for 1976 of £2.11m. was turned into a £1.59m. loss in 1977 by continued unprofitable trading. Page 18

...IEF PRICE CHANGES YESTERDAY

(...ices in pence unless otherwise indicated)

RISES

...al. Power Eng.	121 + 7
...nbros	172 + 7
...twells	89 + 5
...(Norman)	50 + 5
...worth (J.)	65 + 3
...och (G. & G.)	55 + 5
...rty	£23½ + 2½
...L. Hldgs.	108 + 6
...kland Textile A	72 + 4
...somes Sims	152 + 7
...h. & Tompkins	108 + 5
Shaw Carpets	29 + 3
Simpson (S.) A	97 + 6
Yorkshire Chemicals	180 + 30
Afrikander Lease	199 + 21
Durban Deep	206 + 8
RTZ	[illegible]
Western Holdings	£16[illegible]

FALLS

BPB	210 − 14
Dawson Intl.	113 − 8
Willis Faber	[illegible] − 7
Youghal Carpets	[illegible] − 12
Siebens (U.K.)	[illegible] − 12
Selection Trust	[illegible] − 14

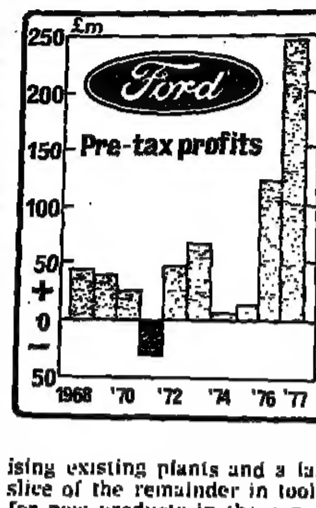
Ford will invest £1bn. in U.K. over four years

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD U.K. is planning an investment programme in Britain which will take its annual commitment from an average of about £50m. over the last five years to £265m. in each of the next four.

The new plans follow a big improvement in Ford's financial performance last year. Profits rose from £121.8m. in 1976 to £246.1m. pre-tax, while direct exports went up by 41 per cent. to £893.5m., and sales from £1.6bn. to £2.3bn.

Ford export figures go some way towards meeting the criticism it has had during the last year for importing cars from its associate factories on the Continent. Although imports rose last year to £440.5m. from £237.8m., car imports accounted for 25 per cent. of sales — the company still was left with an increase in its net exports from £394m. to £453m.



The large increase in the company's investment programme will undermine union complaints that Ford has failed to give sufficient backing to its British interests in recent years. With capital projects worth more than £1bn. planned over the four-year period, Ford is stepping up its spending close to the £1.3bn. which British Leyland is planning to invest over the same period.

At least £180m. of the £1bn. programme is earmarked for the engine plant which Ford is building at Bridgend, south Wales. In addition, Ford gave a broad indication that another £250m. would be spent modernising existing plants and a large slice of the remainder in tooling for new products in the car and commercial vehicle sectors.

Although the company would not be more specific, it is believed that Ford has plans to change a considerable part of its product range within the four-year period.

The so-called Erica project under way to produce a replacement for the Escort is the largest of these, since it involves both the Bridgend engine plant and a model which will be acceptable in European and U.S. markets.

At the same time, the company is working on plans to engineer its European range so that some of the most important structural parts in its cars are common to its basic ranges.

On the truck side, where the group's European investments are concentrated in Britain, there are plans for a considerable development of its mid-range D series vehicles, along with some changes on most of its vehicles.

Ford also is investing heavily in new alloy cylinder head designs aimed at giving its engines better fuel economy and emissions performance.

Ford said yesterday that it would not be calling on its U.S. parent for any of the funds required for investment. With profits running at their present high level, it is now in a position to generate more finance internally. Even so, the Government will be providing a significant proportion of the £1bn. through regional aid and other industrial incentive schemes. Some estimates put the company's call on such assistance at well over £100m.

The company seems reasonably confident that it can maintain profits at the higher level now achieved. One possible reason for this is that prices of British cars have been moved higher gradually compared with other products over the last three years, thus bringing the break-even point on production lower.

With Ford's unit sales up last year by 64,000—to 708,000—including tractors and commercial vehicles—this meant a significant opportunity to lift profits.

As a result of the improvement, most of Ford's senior executives, who collect profit-related bonuses, saw their incomes rise substantially.

The salary of Mr. Terry Beckett, chairman, went up from £30,457 to £54,843.

Lex Back Page

Japan to help importers with low interest loans

BY CHARLES SMITH TOKYO, April 21.

A PACKAGE of import promotion measures to help reduce Japan's current account surplus during the present fiscal year was approved to-day at a special meeting of the Cabinet council concerned with overseas economic policy.

One of the main features is a provision for low interest rate foreign currency loans by the Japan Export Import Bank to importers.

The bank will lend funds at 6 per cent. per year—or 5 per cent. in special cases—to importers requiring three-to 10-year import financing. For shorter periods, import finance will be available at 3.5 to 4 per cent. rates.

Steps will also be taken to pass on to consumers the benefits of yen appreciation in certain areas where prices have yet to come down. These include imported cigarettes, air fares, international air freight charges and telephone and telegraph charges.

The Government is hoping that the new low interest long-term financing promised under the scheme may encourage imports of a number of heavy items.

These include the repurchase from foreign shipowners of ships built in Japan for charter back to Japanese shipping lines under the "Shikumisen" system. The Shikumisen ships would be scrapped after repurchase.

The package also calls for an improvement in the quantity and quality of Japanese foreign aid and for the promotion of imports through channels other than the sole agent system.

The import promotion measures follow steps announced by the Ministry of International Trade and Industry last week to restrict certain types of exports. The package will be taken by Mr. Takeo Fukuda, the Japanese Prime Minister, to Washington in ten days time.

Mr. Fukuda expects to be cross-questioned by President Carter about the outlook for the Japan's balance of payments surplus in fiscal year 1978 as well as the economy's growth prospects.

He may be reluctant to offer a concrete estimate of the surplus but will at least be armed, as a result of to-day's decision, with a list of proposed measures for reducing it.

Conflicting statements were made to-day by Japanese Ministers about the overall impact of import promotion measures.

Mr. Toshio Komoto, Minister of International Trade and Industry, estimated that the effect of all measures taken to date (including earlier rounds of emergency import promotion measures) might produce an additional import flow of up to $10bn. Mr. Kiichi Miyazawa, Director of the Economic Planning Agency, gave an estimate of $6bn.

Figures for fiscal 1977 (ending last month) showed that Japan's visible trade surplus was over $20bn. and the current account surplus over $14bn.

Bakers call off overtime ban

BY PHILIP BASSETT, LABOUR STAFF

THE THREAT to bread supplies was lifted yesterday when the bakers' union called off an overtime ban due to begin to-day.

After two days of talks with bakery employers on jobs in the industry following the Spillers-French decision to pull out of bread-making, an agreement was reached yesterday which will save 2,000 jobs and give bakers £4 a week extra from May 14.

The closure of 23 bakeries affected by the Spillers decision will still take place to-day.

Bread supplies in the shops had already been affected by panic buying after the announcement earlier this week of an overtime ban from to-day by 60,000 members of the Bakers, Food and Allied Workers' Union.

The ban was called off yesterday when a job-saving package was presented to the bakery unions.

Of the 7,986 jobs lost by the Spillers decision, 2,000 will be taken up by the two large bakery groups left, Associated British Foods and Rank Hovis McDougall, which have already agreed to offer continuing employment to 5,000 Spillers workers by taking over six and seven Spillers bakeries respectively.

A further 1,500 jobs may be created, but the majority of them would be likely to be jobs for engineers, staff and management.

From May 14, rest-day working will be discontinued to make way for the new jobs. Working on rest days means bakery workers often work six 12-hour shifts per week.

A five-day working week will now be the norm but the total hours worked are unlikely to fall because of overtime worked to make up for worked rest-day pay.

The bakery unions were seeking an increase of £7.80 to cover extra work resulting from the closure of the 23 Spillers bakeries.

The agreement gives an extra £4 a week from May 14, back-dated to April 23, provided co-operation on the time changes is achieved.

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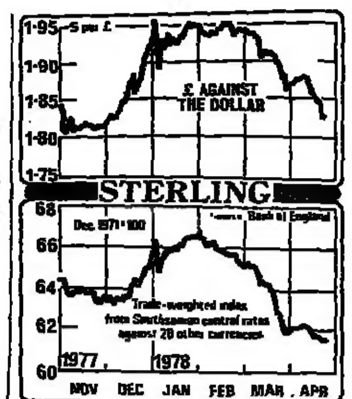

£800m. long tap issued

BY MICHAEL BLANDEN

THE BANK of England yesterday announced a new issue of £800m. of Government stock, the first of the new financial year, to help fund the Government borrowing requirement.

An issue had been widely expected after the demand for gilt-edged earlier in the week which had exhausted the supplies first of the previous short tap and then of the official long-dated tap stock.

The new stock is at the long end of the market and had a depressing impact on prices, with long-dated stocks ending with falls of up to ½. Short stocks, however, recovered from earlier falls to end unchanged on the day. The Financial Times Government securities index lost 0.26 to 71.57.

With the help of official support, sterling ended with a slight gain of 15 points at $1.8260, while its trade-weighted index against a basket of currencies improved to 61.6 against 61.5

The dollar itself weakened a little after the previous day's sharp improvement, while the price of gold, which fell sharply by $5½ an ounce on Thursday, recovered some of its losses. It closed yesterday at $171¼ for a rise of $2¼.

The new tap stock is £800m. of 12 per cent. Exchequer 1998 to be issued at a price of £96 per cent. Of this, £30 is payable on application next Thursday, with another £35 on May 15 and the rest on June 7. At the issue price the stock yields 12.50 per cent. flat and 12.54 per cent. to redemption.

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£ in New York

	April 21	Previous
Spot	$1.8245 8256	$1.8250-8300
1 month	0.58 0.50 dis.	0.50-0.40 dis.
3 months	1.12 1.05 dis.	1.60-1.15 dis.
12 months	3.05-2.95 dis.	3.16-2.88 dis.

MPs to seek debate on Press ruling

BY PHILIP RAWSTORNE

LABOUR MPs will press in the Commons on Monday for a precise definition of the legal protection given to newspapers, television and radio in reporting Parliamentary proceedings.

Some Conservatives are expected to support demands for an emergency debate.

The moves follow a ruling by Mr. George Thomas, the Speaker, yesterday that the privileges which have allowed four Labour MPs to name Col. B—an Army intelligence officer involved in a secrets case—could not be extended to newspaper reports of their words.

Mr. Max Madden (Lab., Sowerby) said yesterday: "The practical effect of this ruling is to further chip away at the freedom of the Press and others to report the proceedings of Parliament."

Mr. Christopher Price (Lab, Lewisham West) said it had been accepted for years that the qualified privilege given to newspaper reports of the Commons proceedings had been "so nearly absolute as to be absolute."

The dispute flared after both Labour and Conservative MPs had challenged a warning from the Director of Public Prosecutions on Thursday night. On the advice of Mr Sam Silkin, Attorney General, newspapers were told they could be in contempt of court for publishing Col. B's name in accounts of the Commons proceedings.

Col. B is involved in an Official Secrets prosecution of three journalists. During the committal hearing the magistrate ruled that his name should not be published.

Contempt proceedings have already been taken against the National Union of Journalists newspaper and two radical magazines for publishing his name. Hearings in these cases were postponed yesterday until May 2.

Four Labour MPs named the colonel in the Commons on Thursday and later the Speaker was asked to consider whether the DPP's warning against publication was an attempt to interfere with the free reporting of Parliament and a breach of privilege.

The Speaker yesterday declined to allow an immediate debate on the issue.

"In view of the Order prohibiting the disclosure of the signals officer's name, I am really being asked to rule that in future any MP may use the privilege of this House to remove the matter from the jurisdiction of the courts and then to claim that the courts have no further power.

"I am not prepared to give such a ruling."

He said it was quite clear no attempt had been made to obstruct the publication of Hansard, the official Commons report which yesterday carried a full version of the events including the colonel's name.

Citing Erskine May, the Parliamentary rulebook, Mr. Thomas said there was a distinction between the absolute privilege of MPs speaking in the House and the qualified privilege of the publisher reporting words spoken.

In spite of the DPP's warning several newspapers and both BBC and IRN broadcasts reported the disclosure of the colonel's name in the Commons. In a statement after the Speaker's ruling, the Attorney General said he was not contemplating any action against them.

Altman fined £55,500

BY MARGARET REID

MR. LEWIS ALTMAN, a member of the Stock Exchange for more than 30 years, was fined £55,500 yesterday for exchange control offences.

The prosecution had alleged that a group of businessmen, some now abroad, had carried out a plot under which £6.6m. was revolved around the world from company to company, earning an unlawful £2m. in investment currency premium to which it was not entitled.

The conspiracy concerned this operation and the making of false statements as a "cover-up" in answer to Treasury inquiries. Mr. Altman was also convicted on 19 lesser charges of making payments abroad without the Treasury's permission.

Fines of £155,500 on similar charges and £20,000 costs were imposed on Lewis Altman and Co., the stockbroking firm of which Mr. Altman is the head, and which was suspended by the Stock Exchange in March 1976.

Mr. Robert Carnes, 31, a stockbroking partner of Mr. Altman, was acquitted of two conspiracy charges but found guilty on 19 charges of making payments abroad without Treasury permission. He was fined £3,500.

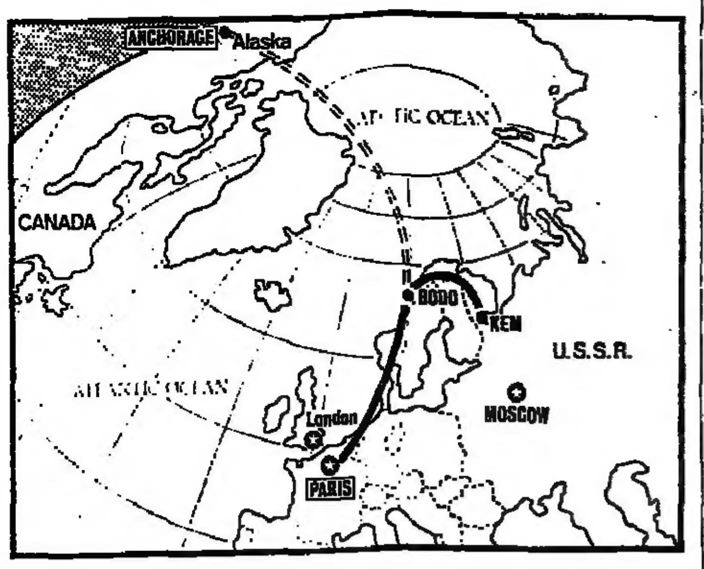
Fines totalling £1,050,000 were imposed on two companies not represented in court, EIC Eurosecurities and Tricommerce, which were found guilty of conspiracy and of a range of lesser charges.

The three magistrates said these might be in a sense illusory penalties in view of the two concerns' want of funds.

They referred to Mr. Judah Binstock, a London solicitor who left the country in 1976, and others not before the court as the essential perpetrators of the "massive fraud upon the exchange control authorities."

Details Page 3

OVERSEAS NEWS



Russia forces down S. Korean airliner

BY DAVID SATTER IN MOSCOW AND DOUGLAS RAMSEY IN SEOUL

TWO PEOPLE were killed yesterday when a South Korean airliner carrying around 110 people landed on a frozen lake in the Soviet Union near the Finnish border. The airliner had been escorted there by Soviet jet-fighter aircraft.

In Washington, White House Security Affairs Adviser, Zbigniew Brzezinski said the Soviet fighters had fired at the airliner.

The Boeing 707 was hundreds of miles off course, according to Soviet officials, when it flew from the Barents Sea over the Soviet Kola peninsula, a highly sensitive area where Russian naval and rocket installations are concentrated.

The aircraft was on a scheduled flight from Paris to Seoul via Anchorage in Alaska. It was last heard from on course near Bodo in Norway. It came down on a frozen lake near Kem, *about 100 miles from the Finnish* border.

In Moscow, details of the incident were given by Mr. Alexei Kosygin, the Soviet Premier, to Mr. Ichiro Nakagawa, the Japanese Agriculture and Forestries Minister. The Soviet news agency Tass, then broke a 12 hour Soviet silence on the fate of the plane.

To-night the Soviet Union told the U.S. it could send a civilian aircraft to Murmansk to pick up the passengers and crew.

Tass said that the plane was met by fighters of the Soviet anti-aircraft defence forces and that the fighters issued orders to the plane to follow them in order to land at some nearby airport.

"The plane, however, did not *respond to these orders*," the news agency said. It continued flying southwards along a route which carried it across the strategically important Kola Peninsula before landing on the frozen lake two hours later.

The Tass account made no mention of casualties but Mr. Kosygin is understood to have told Mr. Nakagawa that two of the passengers were killed during the hard landing in which a wing of the plane was damaged.

One of the dead was later identified as Japanese. Two people were injured in the crash.

Tass said the competent Soviet authorities were investigating the cause of this "violation of the Soviet Union's airspace" and indicated that it was only after the plane had landed that it was established that it was a Boeing 707 airliner belonging to the South Korean airline.

The news agency said the passengers and crew of the plane were being taken to the nearest *town where arrangements* would be made for them to leave Soviet territory.

In Seoul, South Korean authorities were informed of the downing of the aircraft by U.S. Embassy officials, who are thought to have learned of the incident through diplomatic channels.

Clarification of the reasons for the Korean airliner's forced landing was made more difficult by the absence of diplomatic recognition between South Korea and the Soviet Union.

However, in a significant diplomatic development, the Korean Foreign Ministry confirmed that representatives of KAL and the Soviet state airline, Aeroflot, met in Tokyo to begin regular contacts aimed at an early re*turn of the KAL aircraft and its* passengers and crew.

The South Korean airline (KAZ) indicated to the press this evening that it stands ready to fly another plane to pick up the passengers and crew stranded near Murmansk.

The U.S. Embassy in Seoul has been acting as a liaison between the Russians and the Seoul Government, and it was the U.S. side which first notified the Koreans that the plane had been forced down by Soviet jets.

Agreement on gas pricing in U.S.

BY DAVID BELL

WASHINGTON, April 21.

A YEAR AND a day after President Carter announced his energy programme, 14 House and Senate negotiators have reached agreement on natural gas pricing which could be the break-through the President has been waiting for.

The compromise, which must still be approved by the full Conference Committee and *both* Houses of Congress, calls for a substantial rise in federal price ceilings on natural gas between now and 1985, when all controls would be removed.

Under *the* intricate agreement, the increase in interstate natural gas would be based on the inflation rate plus up to 4 per cent. incentive increases. After the first six months of deregulation, price controls could be re-imposed anytime in the two years following for up to 18 months.

But after that, there would be total decontrol. The pact also placed limits on the type of gas to be freed from price controls.

Details of the proposed pact will be presented to the full Conference Committee next week, said Senator Henry Jackson, the chief negotiator. While lauding the achievement in getting a Natural Gas Bill near passage for the first time in 30 years, the Senator would not predict what atcion the Conference Committee would take. "We are going to have a real debate in conference," he said.

The President, according to his Press Secretary Jody Powell is pleased with the agreement. He had promised to decontrol natural gas prices during his Presidental campaign, then proposed raising price control levels. He recently, said he would support eventual deregulation.

Should the pact prove accept*able* to the House, which had wanted to retain controls, and the Senate, which had wanted to end them, the President could emerge politically stronger than he has been for some time—looking like a clever politician who has won a long battle rather than a political novice who cannot get Congress to listen to him.

Fighting it out on the Peking streets

BY A SPECIAL CORRESPONDENT IN PEKING

UNANNOUNCED and unexplained, zebra crossings have come to Peking.

Workmen are painting bands of white stripes across the city's main street which runs past Tien an Men Square and the Great Hall of the People. The striped walkways replace what were ostensibly pedestrian crossings—two faint parallel lines, usually invisible to motorists, from kerb to kerb.

Only, there is no sign that the new crossings have altered the Peking drivers traditional view that all responsibility for road safety lies with the person on foot.

On the surface his seems a serious imbalance, since there are many more pedestrians than cars. On the *other hand*, the roads are so congested by foot traffic that the only way a motorist can be sure of making progress is to drive at a reckless pace with the horn blaring.

Peking traffic is made up of innumerable bicycles, ant-like three-wheeled scooters with tiny truck *bodies attached*, lumbering three ton trucks all painted military khaki but moving in a most unmilitary fashion, and public buses into which the masses cram in numbers that would be illegal anywhere else.

There are cars too but they are a minority. Most are used by officials and resident foreigners.

Peking's commercial streets are wide and generous bicycle lanes are marked on either side. *In what space is left*—about half the total width—the rest of the traffic fights it out.

The traffic police, although efficient at keeping things moving, are tolerant of what the vehicles and the people do.

And as long as a little bit of anarchy is what makes the traffic go round in Peking, the new zebra crossings are not going to have much effect.

Sydney Morning Herald

Relic of revolution resists abolition

By K. K. Sharma, recently in Peking

AN ANACHRONISM of Cultural Revolution, ubiquitious Revolutionary C mittees that are found in ev small and large organisation *any kind, is to be abolish* But Communist Party lead seem to be at a loss on h to carry out the decision.

The decisio nto do aw with revolutionary committ In all organisations exc those directly under the St was taken at the fifth Peop Congress (Parliament) ea last month. But factori *offices, book stores*, and e small mobile shops still h meetings of their Revoluti ary Committees i nthe abse of any directive from abo even though all are aware the *decision* to abolish the

The Revolutionary Comm tees were started during Cultural Revolution, and it a sign of the new pragmat in China that they are c sidered to be redundant in non-State organisations. committees virtually man all organisations under leadership of the Secretary the Communist Party, a fu tionary nominated by the pa powers. But apart from pur managerial functions Revolutionary Committees emphasise ideological a *political training of worker*

This function will conti under the new set-up, wh envisages establishment Boards of directors in place the Revolutionary Committe Considerably less importa will be attached to these fu tions to enable people to c centrate on production and "four modernisations," a enunciated by the Peopl Congress, to enable China catch up with the rest of world technologically.

However, in nearly all pla where Revolutionary C mittees exist, they are carry on as they did for the last years, because the leaders has taken action yet to g effect to the Congress decisi

Since control by the Party to be retained, obviously a w is being found to replace Committees without dilutio State and party supervisi The manner of the change be obviously important, al although the new Boards perform much the same fu tions, ideological purity m be maintained even though recognised that more time a effort is needed to incre production and make techno gical innovations.

Brussels to collect steel dumping duties

BY DAVID BUCHAN

BRUSSELS, April 21.

THE EEC Commission to-day declared that South Korea, Bulgaria, Rumania, and East Germany had been found to have "dumped" certain steel products on the Community market, selling them below the minimum base imports-prices established at the start of 1978.

EEC officials said that the provisional anti-dumping duties already imposed on these *countries would now be collected* by the Commission.

The real reason for the decision is that the EEC is having no success in getting these countries to negotiate restraints on their steel exports to the EEC.

In short, the Commission is putting pressure on these four countries, while at the same time announcing that provisional duties imposed on other countries will be nominally continued for another three months, without money actually being collected from any country that has signed an agreement with the EEC.

Spain is to sign an agreement *with the Commission on Monday*, restricting its steel shipments to 900,000 tonnes this year, or 9 per cent. below 1976 levels. In return, Spanish producers, like those of other countries, will be able to *sell a little below EEC list prices.*

An April baby

BY GUY DE JONQUIERES

BRUSSELS, April 21.

THE EUROPEAN Commission acted to-day to dispel a mounting public outcry against reports that it wants to impose a special tax on contraceptive sales and probe the after-hours activities of Irish males as part of a new programme to harmonise birth rates throughout the EEC.

The furore has been specially embarrassing for Mr. Henk Vredeling, Commissioner for Social Affairs. He has become the target of indignant attacks by militant feminists and politicians in the Netherlands, his own country, who have accused him of betraying his principles as a Socialist.

Among the brickbats hurled at him have been an angry letter of protest sent by a Dutch group calling itself the Red Women's Group and a motion tabled by two members of Parliament in The Hague demanding that the Commission be formally censured for impunging the dignity of women.

Reactions have not been confined to the Netherlands. The proposals have been reported by news organisations as diverse as Reuter, The Irish Times and The Daily Express, whose columnist, Mr. William Davis, recently assailed them in print as an example of the Commission's excessively meddlesome tendencies.

But the real credit for stirring up the fracas belongs to The Economist, which first revealed that the Commission had decided to act after receiving a learned report by Prof. Guy N. Ecologist, pointing to an alarming imbalance in EEC birth rates.

Among the remedies said to be under consideration were a pilot surveillance scheme of the leisure activities of Irishmen (who, the report said, were reproducing too fast), backed up perhaps by a baby-licensing scheme and incentives to encourage bigger families in France, where the birth rate was said to *be falling rapidly*.

The reports were not exactly denied to-day by the official Commission spokesman, but he did suggest that before rushing to complain, readers of The Economist should have looked more closely at the publication date of the issue: April 1.

W. Bank withdrawal ruled out by Begin

BY DAVID LENNON

TEL AVIV, April 21.

HOPES FOR early progress in the Middle East peace talks dimmed to-day when the Israeli Prime Minister, Menahem Begin, reiterated his refusal to contemplate any withdrawal by Israel from the West Bank.

Earlier, there had been guarded optimism that the renewed American mediation may lead ot progres on a joint declaration of principles for a peace *agreement*.

This optimism was based on the belief that the ambiguous declaration by the Cabinet on Sunday that U.N. resolution 242 dos not call for negotiations with Jordan created a little room for manouvre.

Mr. Moshe Dayan, the Foreign Minister, said he will "try to get the peace talks moving again," when he *confers with Mr. Cyrus* Vance, the Secretary of State, in Washington next week.

Mr. Ezer Weizman, the Defence Minister, raised hopes further by declaring to-day that he "hopes to be returning to Cairo in the coming days."

But Mr. Begin to-day made it clear tht Israel's restated willingness to talk with Jordan did not mean his Government had any intentions of making teritorial concessions on the West Bank.

He told leaders of the Peace Now movement that their ideas for territorial concessions had already been rejected by the Arab states when proposed by previous Labour Governments.

After the meeting to-day, the Peace Now leaders said there is not the slightest change in Mr. Begin's policy. *Ideology* and security were completely mixed up in the Prime Minister's mind, they said.

The Washington talks will concentrate on reaching a formula on *the declaration of principles* acceptable to Israel and Egypt. Mr. Dayan said he will not be proposing anything susbstantially new, but expected to be hearing some fresh American ideas for bridging the gap between the sides on the Palestinian and West Bank issues.

Mr. Weizman, in two newspaper interviews to-day, expressed his conviction that the talks with Egypt were not dead, but that both sides had "paused for thought." The negotiations would be resumed, he said.

The Defence Minister said he believes the Egyptians want to reach an agreement and "we should give the peace process a chance."

Referring to the Israeli invasion of south Lebanon, Mr. Weizman said the operation's aim was correct, but that to-day he would have done something differently.

He said he was not aware that Israel had a commitment to use the controversial cluster bombs only in extreme circumstances. The U.S. has sharply criticised Israel for using this bomb in south Lebanon.

Sarkis 'aims to rebuild army'

By Ihsan Hijazi

BEIRUT, April 21.

PRESIDENT ELIAS SARKIS, continuing his efforts to-day to form a new Cabinet of national unity, was reported to have decided on its main mission.

Informed sources said the main emphasis is to be laid on rebuilding a strong army and the re-establishment of Government sovereignty throughout Lebanon.

While the President resumed his consultations with political and parliamentary leaders to-day, Brigadier General Khoury, the Lebanese Army Commander was dealing with Wednesday's capture of the army barracks at the southern town of Nabatiyah by rebel Moslem officers.

Reuter adds from the UN: A UN committee to-day voted $54m. for the UN Interim Force in Lebanon (*UNIFIL*), to help finance operations for six months.

Dutch deficit

Holland had a visible trade deficit of Fl.224m. in February, up from Fl.48m. in January, but lower than the year-ago Fl.434m., provisional Central Statistics Office figures show, Reuter reports from The Hague.

Volkswagen talks to avert strike

By Adrian Dicks

BONN, April 21.

EMERGENCY talks got under way this afternoon between leaders of Industrie Gewerkschaft-Metall, the West German metal and engineering union, and the top management of Volkswagen in an effort to head off the threat of the first company-wide strike in VW's post-war history.

Last night, IG-Metall secured 88.6 per cent. support from workers in the six VW works in West Germany for the principle of a strike. It is now up to the union's national executive to decide whether this power should be exercised.

Before the talks started, IG-Metall said it assumed Volkswagen would improve its offer of *5 per cent.* more pay.

In its negotiations with VW, IG-Metall is demanding 8 per cent., as it did in the national wage bargaining round before compromising on 5 per cent.

The problem for VW is that it stands apart from the national negotiations, and also has benefited in common with the rest of the motor industry with extremely buoyant sales during the past three years.

France sends 250 troops to Chad

France has sent about 250 crack troops to Chad during the past few days to help President Felix Malloum's military Government in renewed fighting against Libyan-backed Frolinat rebels, Robert Mauthney writes from Paris. More troops are expected to follow.

Signs of progress on SALT

BY DAVID SATTER

MOSCOW, April 21.

MR. CYRUS VANCE, the U.S. Secretary of State, concluded his second day of talks with Mr. Andrei Gromyko, the Soviet Foreign Minister, to-day amid signs of progress in the strategic arms limitation negotiations but with some issues obviously left unresolved.

Mr. Vance said the talks continued to be "good" and "useful" and said the atmosphere was better than in March, 1977, when the Soviet's peremptorily rejected two American proposals for breaking the impasse in the SALT negotiations which existed at that time.

Mr. Hodding Carter, the U.S. *State Department spokesman*, said however, there should be no expectation of "the resolution of all SALT issues here in Moscow." He said the talks were down to "a handful of very hard issues" which are believed to be *the transfer of Cruise missile* technology to the NATO allies, limitations on the modernisation of existing missiles and the development of new types of intercontinental ballistic missiles and the Soviet Backfire bomber.

Mr. Vance met with Mr. Gromyko for three hours in the morning and two hours in the afternoon. The morning session was devoted completely to SALT but in the afternoon session Mr. Vance raised the case of Irina McLellan, 39, a Russian woman who has been trying to join her husband in the U.S.

Mrs. McLellan was forcibly removed by Soviet police from the front of the U.S. embassy yesterday after she chained herself to a railing to dramatise her plight. Soviet state television to-day blacked out television film of *the incident which was to be* transmitted to C.B.S. television in New York. The Soviet news agency Tass yesterday refused to transmit pohotographs of the incident by the Associated Press and UPI.

The incident has clouded the otherwise friendly atmosphere of the talks and Mr. Vance is understood to have been rebuffed rudely when he raised the issue at the afternoon session.

Mr. Vance is scheduled to meet Mr. Leonid Brezhnev, the Soviet leader, to-morrow at which time he is scheduled to take up the question of Soviet policy in Africa on President Carter's explicit instructions.

Austerity measures for Norway

BY FAY GJESTER

OSLO, April 21.

THE NORWEGIAN Government to-day published its revised national budget for 1978, together with a package of austerity measures aimed at mopping up some Kr.1bn. (£100m.) of purchasing power this year The measures will hit just about everyone except pensioners—who are to get more money—and the lowest paid workers.

The revised national budget gives a far more pessimistic assessment of the country's economic situation than the original version, published only six months ago. The austerity measures are the latest in a series of such moves that began with last autumn's unusually restrictive state budget, which included big increases in indirect taxation, aimed at curbing the consumer spending boom.

Since then, interest rates have been allowed to rise, to discourage borrowing, and special taxes have been introduced, or raised, on various consumer products, ranging from pleasure boats to chocolate bars.

To-day's package includes an *increase in the rate of employees'* social security contributions, effective from July 1, which will mean slimmer pay packets for almost everyone in the second half of this year. Since contributions are deducted as a percentage of wages, this measure will fall hardest on the better paid.

At the same time, families with children will benefit from a signifcent increase in the tax allowance per dependent child.

Lending by both state and private banks is to be sharply curbed, and electricity prices will rise from July 1, when the special tax on electricity is to be increased. From that date, too, ordinary households will have to pay the tax which *until* now has been levied only on electricity supplied to business and industry.

Some exemptions from the increase will be granted to industries hit by the current crisis, such as wood processing and ferro-alloys, and the aluminium industry will have to pay only half of it.

Italy seeks Moro compromise

By Dominick J. Coyle

ROME, April 21.

ITALY'S political parties, and in particular the ruling Christian Democrat Party, were to-night searching desperately for a compromise formula which might save the life of Sig. Aldo Moro, the former Prime Minister, without capitulating totally to the ransom demands of the ultra Left-wing Red Brigades *terrorist group*.

The terrorists, who grabbed Sig. Moro in an ambush in Rome on March 16, in which five police died have set a deadline for tomorrow afternoon for his "execution," unless the Government agrees to the immediate release of a number of unspecified "Communist prisoners."

The country, and particularly *the main political parties*, are torn between the apparently irreconcilable objectives of saving Sig. Moro's life and defeatin gthe terrorists.

It is now evident that important political consequences must result from whichever decision is reached by the minority Christian Democrat government of Sig. Giulio Andreotti, which considered the latest developments in the Moro case at a Cabinet meeting this morning.

The Communists, who have entered the Parliamentary majority in Italy for the first time in 30 years, and whose support is essenial to maintain the Government in office, has made it clear that they oppose any "political deals" with the terrorists.

This was also the earlier stated position of the Christian Democrats themselves and, of virtually all the country's main political parties.

However ,the Christian Democrat leadership has been in virtually non-stop session since yesterday's terrorist ultimatum, and some elements within the party are known to support "every possible avenue to save the life of Sig. Moro."

It is difficult to see how the Communist Party, in particular, could continue supporting the Andreotti administration should a prisoner exchange be agreed finally by to-morrow.

Irish air strike

Hopes of an end to the long-running strikes which have crippled Ireland's telecommunications and seriously disrupted the Aer Lingus national airline have received a sharp setback with the rejection by Aer Lingus strikers of new peace terms, Giles Merritt writes from Dublin.

Cyprus ready for talks on Turkish plan

BY DAVID TONGE

THE CYPRIOT Government has indicated that it might still be willing to consider attending *intercommunal talks to discuss* the proposals put forward last week by the Turkish Cypriots. However, it maintains its initial position of classing the proposals as "entirely unacceptable" and considering that to accept them as a basis for resumed talks would be, as President Kyprianou put it, "a decisoin to commit suicide."

How the Greek Cypriots have managed to reconcile these two apparently contradictory positions was explained in London yesterday by the Cypriot High Commissioner, Mr. Costas Ashiot. Speaking at a press briefing he said that the Cypriot government *was now waiting to see whether* Dr. Kurt Waldheim, the UN Secretary General, who met President Kyprianou on Wednesday, would recommend that the Turkish Cypriot proposals provided the basis for negotiations.

"If he says no, then it will show that he has accepted the validity of our arguments," Mr. Ashiotis said. "But if he says *yes, then our Government* will consider his propcsals and ask on what grounds they are made.

The Cyprus Government has thus shifted much of the responsibility for the decision on what move should be taken next on to the shoulders of the UN *Secretary General*. The latter is reluctant to convene the talks if these are unlikely to make some progress.

The Turkish side has long argued that the Greek Cypriots would be bound to reject their proposals merely to destroy the appearance of progress in the Cyprus debate. The Greek Cypriots are reluctant to see the U.S. *arms* embargo on Turkey lifted by Congress as President Carter has now requested.

Our Nicosia Correspondent reports: The Turkish Cypriots today announced a new Government to rule their self-proclaimed "federated state" in the north, ending a *month*-long political crisis which began with the resignation on March 24 of the then Prime Minister, Mr. Konuk.

The new *premier* is Mr. Osman Orek a lawyer, formerly speaker of their Legislative Assembly and for many years a close associate of Turkish Cypriot leader Mr. R. Dentash.

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HOME NEWS

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Retailers launch profit sharing

By John Elliott, Industrial Editor

A PROFIT-SHARING scheme which will hand out shares worth up to £2,000 a year per person is being introduced by the House of Fraser for about 25,000 of its employees in 138 U.K. stores.

Designed broadly to fit in with the income-tax concessions for *employee share ownership* announced in the Finance Bill on Thursday, the scheme will lead to the first share allocations being made in a year's time. It was explained to employees in the group's best known store, Harrods, this week.

The scheme was completed earlier this year after detailed negotiations with the group's *institutional* shareholders who said that no more than just over 12m. new shares should be issued during the next ten years.

This means that about 1.2m. will be available each year and if profits rise sufficiently for *more to be needed, they will be* bought on the open market.

The introduction of the scheme is significant because it shows the interest that the availability of the proposed income-tax concessions may have on some companies. The House *of Fraser* designed its scheme in the knowledge that the Lib-Lab pact was leading towards the concessions that emerged in this week's Finance Bill.

On the other hand, the fact *that it is a retailing group* follows the pattern that has been set in the U.K in recent years when most companies considering profit-sharing schemes have been in the white-collar and weakly unionised sectors of *business rather than in heavy* manufacturing.

No ceiling

Under the House of Fraser scheme, shares worth up to £2,000 will be allocated annually to each employee on a formula geared to the level *of their earnings*. This is the main difference from the *Finance Bill scheme*, which sets a ceiling of £500 and means that the £2,000 ceiling would have to be reduced to qualify for the Bill's tax concessions.

The lowest earners in the House of Fraser would receive shares worth far less—down to as little as £30 or £40, for example, if an allocation had been made for the 1977-78 financial year.

The overall annual allocation—which would have totalled £1.38m. for 1977-78—will be 4 per cent. of consolidated operating *profits (excluding results from* properties but including subsidiaries).

The price at which the shares are allocated will be fixed according *to the group's general share* price, averaged over the 20 days *previous to the announcement of* its annual results each January.

All employees working at least 20 hours a week, who have been with the company for more than 12 *month if they are more than* 25 years old (for five years if they are younger) will qualify. This means that about half of the group's 50,000 employees are expected to be involved.

The shares will be held by a trust and (*unlike the Finance* Bill scheme) will not be put into the individual employees' names until an initial five-year qualifying period has elapsed.

Slump in Labour's vote casts damper

BY PHILIP RAWSTORNE

A *SLUMP* in Labour's vote in the Lambeth Central by-election yesterday dampened the party's hopes of a rapid improvement in its electoral popularity.

Mr. John Tilley, a journalist, held the seat for Labour but his *majority was cut by more than* 5,000 votes because only 44 per cent. of voters went to the polls.

Mr. Ron Hayward, Labour Party general secretary, claimed last night that the party had cause for celebration at the result which had been a rejection of racist policies.

But, after the optimism inspired by last week's Garscadden *victory* and the apparent recovery in the opinion polls, *Labour's performance in Lambeth* suggested that Mr. James Callaghan still has considerable electoral resistance to overcome before he dare risk a General Election.

Apathy among Labour voters—*including a substantial proportion* of West Indians—was a marked feature of the contest although its effects may have been magnified by the unusually high turnover of population in the area and the general expec*tation of a Labour victory*.

The contrasting readiness of Conservative voters to turn out must be a cause for Labour concern.

Mr. G. Hanley, Conservative candidate, increaesd his vote *on*

THE RESULT

J. Tilley (Lab.)	10,311
G. Hanley (Con.)	7,170
H. Steven (NF)	1,291
D. Blunt (Lib.)	1,104

W. Boakes (Ind.) 27; A. Bogues (SWP) 201; J. Chase (SU) 287; B. McNeeny (SPGB) 91; S. Munro (People's Front) 38; C. Redgrave (WRP) 271; A. Whereat (55).

Lab. maj. 3,141

OCT. 1974: M. Lipton (Lab.) 15,381; N. Lyell (Con.) 6,704; P. Easton (Lib.) 3,211; S. Smart (WRP) 233; P. Bratton (Comm. Marx-L) 88.

Lab. maj. 8,677

a 9.3 per cent. swing to the Conservatives.

During the past year *in* by-elections in Labour-held seats, the swing to the Conservatives has remained fairly steady between 6.9 and 9.3 per cent.

Mrs. Margaret Thatcher, Tory leader, said yesterday that she was thrilled by the Tory vote. "I can't see Mr. Callaghan being *in too much of a hurry now for* a General Election."

Lord Thorneycroft, Tory Party chairman, said the sharp drop in the Labour vote was eloquent testimony to the Government's dismal record

He added: "Not much evidence here that the people of Lambeth share Labour's claim of economic and electoral recovery. And it was another disastrous result for the Liberals who are rapidly *ceasing to be a* creditable political force."

The Liberal performance—running behind the National Front for the fourth time and losing their deposit for the 14th time in 19 by-elections—increases Mr. David Steel's tactical dilemma over the future of the *Lib-Lab pact*.

Pressures from Liberal oppon*ents of the pact are bound to* grow but the prospect of an early General Election is even more daunting for the Liberal leader.

The party now looks to the Epsom and Wycombe by-elections this week with rising desperation *for signs of a turn in its fortunes.*

Friedman warns against co-ordinated reflation

BY RAY PERMAN, SCOTTISH CORRESPONDENT

Prof. Milton Friedman last night attacked the proposal that *there should be a co-ordinated* reflation of world economies to *end the present recession*.

"There is nothing more absurd than the notion that all countries should be moving in the same direction at the same time. *If all countries were* going for an expansion there would be a world-wide *boom*, with prices getting out of line," the Nobel Prize-winning economist said.

Prof. Friedman said in the *Hoover lecture at Strathclyde* University that Britain should maintain rigid monetary targets which would steadily reduce inflation to zero.

Prof. Friedman appeared to believe that the movement towards his own view that strict monetary control should take *the place of demand management* in British government policy was a temporary aberration rather than a thorough-going conversion.

There was no doubt, he said, that Mr. Callaghan and Mr. Healey sincerely wanted to reduce inflation, but they wanted to do so for political reasons.

Targets had been adopted but not adhered to, he said, and Mr. *Callaghan had announced that* the Government would not indulge in fine economic tuning, while Mr. Healey had induldged in fine tuning.

Callaghan call for Soviet naval restraint

MR. CALLAGHAN called yesterday for Soviet restraint in its naval building programmes and fleet deployments. A fresh surge of naval expansion by any *major power inevitably gave rise* to new political tension.

Mr. Callaghan, who was opening a £5.5m. fleet maintenance base at Devonport, said the Rus*sians were completing* at least 10 more aircraft carriers and were also building more nuclear submarines than the U.S. Navy and the Royal Navy.

"*The Soviet Union can now* use its fleet to lie astride the traditional sea routes which have, for so long, linked Western Europe and the U.S. with the *countries of the Middle East* and of the Asian sub-continent.

Rise in engineering export orders checked

FINANCIAL TIMES REPORTER

THE SHARP rise in engineering export orders recorded at the end of last year was not con*tinued into January, according to* provisional figures from the Department of Industry.

The encouraging performance towards the end of the year gave rise to hopes *that an expansion* in the size of overseas order books was on the way, but the January statistics indicate that no sustained improvement was *taking place*.

The department says that be*cause of the poor January order* level the intake of export contracts in the three months to the end of January actually fell by 3 per cent. So the overall picture *continues* to reflect the decline which started at the end of 1976. *The department does point out* that important export contracts have been, and continue to be, successfully negotiated.

The overall January sales and order figures suggest there may *have at least been a check in* the slowly declining pattern of business recorded in home and export markets.

New orders received from the *home market rose by 3½ per cent.* between November and the end *of January, although this im*provement represented little more than a recovery of ground lost early last year. The increase of 2 per cent. in home sales *during the three months to* January arose partly from the *high January figure and from* some improvement in December.

According to the department, the combined effects of trends in the home and export markets produced a rise of 1½ per cent. in the latest quarter for new orders *and total sales*.

Record fines of £1.25m. imposed for £6.6m. currency plot

FINANCIAL TIMES REPORTER

RECORD FINES of more than £1.25m. for exchange control offences were imposed at Guildhall Court yesterday for a major *dollar premium currency plot*, which cost Britain £6.6m. in its financial reserves and produced an illicit profit of more than £2m.

Mr. Lewis Altman, 60, of *Gloucester Place*, St. John's Wood, a City stockbroker, was fined *£55,500* and his *firm*, L. Altman and Co., was fined £155,500 and ordered to pay £20,000 costs for conspiring with Mr. Judah Binstock and others *to contravene* the exchange control regulations in 1974-75 and *furnishing false information* to the Treasury when inquiries were being made in 1976.

He is considering an appeal against the convictions, which *also cover the* payment of nearly £3m. through Zurich and other banks to *foreign institutions* in 1976 without Treasury consent.

Mr. Robert Carnes, 32, his fellow director, of Jameson Street, Kensington, was acquitted of *conspiracy charges*, but he was fined £3,500 for offences concerning sending *money abroad*, which were described as largely technical. He also is considering an appeal.

Two of the companies involved in the affair, Eurosecurities Ltd and Tricommerce Ltd, were fined *just over* £500,000 each, are only nominally based in this country and have no *money to* pay the fines.

The court said Mr. *Judah* Binstock, 49, the missing London solicitor believed to be living in *Israel* or Minorca, was the dominant figure in the plot, which is the biggest *the Treasury* has ever faced.

Warrents are held by Detective Chief Inspector John Todd, of the City of London Police for the arrest of Mr. Binstock and five business associates who are now abroad. They are unlikely to *be arrested* unless they return to this country, as currency offences *are not normally* covered under extradition treaties.

Mr. Louis Blom-Cooper, QC, the Court's chairman, said: "Over a period of six months, from *November 1974 to May* 1975, more than £6m. passed through the London money market. The monies purported to be the proceeds of *share dealings* and were passed off as investment currency, with an *illicit profit of £2.07m.*

"Binstock, a solicitor and financial speculator, played a leading part in the fraud through the prime *agency* of EIC Eurosecurities Ltd., but Lewis Altman and Co. was undoubtedly the *vehicle for the whole of* the transactions and was selected as the necessary instrument *of the* fraud.

"Lewis Altman and Co. accepted the business from EIC Eurosecurities, which had been *acquired by a Lichtenstein* company, in the full knowledge that *it was in reality the 'alter-ego'* of Binstock.

Covering up

"The transactions involved a massive *fraud on the Treasury* in which Binstock was the puppet-owner pulling the strings of the corporate marionettes."

Mr. Blom-Cooper explained in the judgment, which came after one of the longest City hearings, *that the court found* Mr. Altman guilty of taking part in the plot and covering it up *when the* Treasury probe began, but had decided it was not necessary to send him to prison, as he had an unblemished record.

"*We are confident* that the British public to-day rightly draws a sharp and *definable dis*tinction between crimes against the person and crimes against property."

He said the court accepted that *Mr. Carnes* never realised that a fraud was being carried out, though he should have shown more diligence in checking certain foreign transactions which had since come to light.

Mr. Blom-Cooper said that in the court's judgment others involved in the *fraud* were Mr. Eric Kohn, who had been secretary of *EIC Eurosecurities*, Mr. Lawrence Green, a U.S. lawyer, Mr. Jean Jasson, a Frenchman living in Bangkok, and two other foreign businessmen. All had been members of the "Binstock gang," as Mr. Altman had dubbed it.

The court was told that the fraud came to *light* when Mr. Peter Davey, a bank official, who was then with the Hong Kong and Shanghai Bank, became suspicious about a currency transaction of $956,000 in 1975.

Further proof was found when Binstock *dropped* documents at Heathrow Airport while on his way to France in *September* 1976.

Mr. Robin Auld, QC, for Mr. Altman, said: "He has received nothing out of this except normal commissions, and has not salted any money away. Binstock and the others are enjoying the rewards, while he is here to face the music.

"*Altman is not by instinct a* fraudsman, but had the misfortune to be *drawn into this by* Binstock. He was the tool of powerful and skilled fraudsmen and his professional career is now shattered.

"He will almost certainly face expulsion from the Stock *Exchange*."

Mr. Auld said L. Altman and Co. had *probably lost £1m. of past* and future profits through the case, but had a liquidity margin of £538,000.

Mr. W. R. Rees-Davies, QC, for *Mr. Carnes*, said his client had no reason to think fraud was being committed, as *EIC Eurosecurities* had a distinguished list of directors, including the Duke of St. Albans, and he thought it was a firm of the highest integrity.

Options market starts well

BY ANDREW TAYLOR

THE STOCK EXCHANGE was last night congratulating itself on the *successful* launch of its traded options market. Contracts traded on the first day of dealings were 586—comfortably exceeding the rival Amsterdam market's recent first-day total of 531.

The day began with a few cheers and some doubts that investors would sit on the sidelines until the market had settled down. Mr. Nicholas Goodison, chairman of the Stock Exchange, had launched the market amid loud cheers from a crowd of jobbers and *brokers*, by *purchasing* an option to buy ICI shares over *the next three months* at 330p. The price for the option was 25p a share.

Trading was reasonably brisk if unspectacular with Grand *Metropolitan* the most popular of the ten stocks that are *traded*. *About* 265 contracts were traded in Grand Metropolitan, followed by Consolidated Gold Fields with 122 contracts and Courtaulds, 61.

Mr. Dundas Hamilton, chairman of the Traded Options *Committee*, who had earlier said that he had hoped for "a low profile" start to trading said last night that he had been pleasantly surprised by the level *of demand*. "The total is more than I expected," he said.

Mr. *Marshall* Harrison, a member of the Chicago Board Options Exchange and the European Option Exchange, launched in Amsterdam a few *weeks ago, said the first day's* trading was encouraging.

"It compared very favourably with the start of in Amsterdam. There was a higher volume of contracts and the trading was on a more *sophisticated* level."

The first day passed with none of the expected teething troubles but brokers are still not expecting any significant upturn in trade until the large institutions have taken a closer *look at the market*. *Most* brokers said, however, that they were mildly surprised at the initial demand.

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Paint industry profits 'not excessive'

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE Price Commission has cleared the paint industry of allegations of making excessive profits and charging unreasonable prices.

After an *investigation* lasting 13 months, the Price Commission report on decorative paint, published *yesterday*, says that no excessive profits were found at *any stage in the distribution* chain.

Prices charged by manufacturers gave no cause for concern, says the report. There was surplus capacity in the industry and intense retail competition.

*But the Commission does criti*cise the industry for the standard of information provided for consumers. It says this should be improved "to reduce market imperfection."

It also recommends that the *old-established* system of discount pricing should be replaced by net pricing, with wholesalers halting the use of notional retail list prices.

These moves would discourage retailers from making claims of *excessive price reductions, says* the Commission.

Widely disparate paint prices first drew the Commission's attention to the industry.

"The quite remarkable spread of retail prices" is the most striking feature of the industry, says *the report. The main price survey* in May, 1977, showed the price of gloss paint varying between 74p and £3.15 per litre.

There are three reasons for this, it says. Manufacturers charge more for nationally-advertised paint than for own-label paint. Retailers pay less if they buy paint direct from the manufacturer. And supermarkets are *now selling at much lower* prices than specialist retailers.

Consumers were bewildered by special offers and the practice of some retailers of offering "discounts" on a so-called "list price."

In fact, paintmakers are already moving to introduce net pricing on a national basis, and Crown, one of the big three *manufacturers, has been operat*ing exclusively from a system of net prices since January.

The decorative paint industry is dominated by four big manufacturers, ICI, Berger Jenson Nicholson, Crown, and Donald Macpherson. *Recession* has hit it since 1973 and U.K. demand *has fallen* by some 4 per cent. in the years to 1976.

Last year manufacturers believe there was a recovery of some 2 per cent.

Decorative Paint, Price Commission Report 33, HMSO, 90p.

Price Commission probe of Gypsum increase

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PRICE Commission will investigate proposed price in*creases* by British Gypsum, a subsidiary of BPB Industries.

British Gypsum applied to the Price Commission *last month* to raise average prices by 8 per cent. on a range of gypsum-related products, including plasterboard and partitioning. *Increased costs were the reason.*

BPB Industries came under scrutiny at the time of the Monopolies Commission report into the plasterboard industry in 1974. *As a result of* that inquiry it changed its pricing and trading policies.

In January BPB said its deliveries charges would more accurately reflect the cost of *distribution*. It also changed supply policies to enable larger customers to buy direct rather than go through builders' merchants.

Last night the company said it had invoked the safeguard pro*visions of the Prices and Charges* Regulations 1977, which permitted it to raise prices by an average 3.5 per cent. on gypsum-related products. Subject to Price Commission approval, these would take effect from May 2.

Tin mine closure to hit 320 jobs

By Paul Cheeseright

THE MOUNT Wellington tin *mine in Cornwall is to close with* the loss of 320 jobs, only 18 months after opening. The closure poses a grave threat to the future of the neighbouring Wheal Jane tin mine, owned by Consolidated Gold Fields.

Cornwall Tin and Mining, the U.S., Canadian and Swiss group*ing which* owns Mount Wellington, said yesterday there were no grounds for believing the mine could become profitable in the foreseeable future.

Both the tonnage of the ore reserves and tin grades available were substantially below the levels anticipated when the mining operation had been initiated.

Mr. David Penhaligon, the Liberal MP for Truro, from *whose constituency most of the* mine employees come, greeted *the company statement* with a demand for an official inquiry into the financial collapse.

He intends to ask Mr. Eric Varley, the Industry Secretary, whether the matter *may* be referred to the National Enterprise Board for a possible rescue operation.

Harland seeks German order

By Our Belfast Correspondent

HARLAND AND WOLFF, the State-owned Belfast shipyard, is negotiating with Maschinenfabrik-Augsburg-Nuernberg of West Germany to get work vital to the future of its engine works.

*The Northern Ireland Depart*ment of Commerce is working with the shipyard on a deal which is understood to involve Harland and Wolff acquiring the sole licence for the production of a medium-sized marine *engine*.

MAN is one of West Germany's leading truck manufacturers and engineering groups. Details of the negotiations are expected to be made public within two weeks.

● NEWS ANALYSIS—SUPERMAN STRIKES AGAINST IMPERIAL MEASURES

Going metric—inch by inch

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

A NOTICE BOARD at the Department of Prices has a picture of Superman, complete with space suit.

On top of it has been superimposed the face of John Fraser, Minister for Consumer Protection. The caption reads: "Metric Man, *stamping* out imperial measures wherever he can."

The muscle-bound body suits Mr. Fraser and he apparently appreciates the joke, although few politicians would like the title. Metrication arouses two strong emotions, neither of which help those trying to complete the changeover to metric measures in this country: intense boredom or a kind of sentimental patriotism.

The latter, combined with widespread *fears that* metrication will be used as a camouflage for higher prices, made it a potential political issue—and in recent weeks, Mrs. Sally Oppenheimer, Shadow Prices Secretary, has succeeded in making it into a real one.

Eleven years after the original commitment to metrication was announced, the Government was persuaded by officials in 1976 that imperial units would not disappear in the shops unless some statutory backing was given to the voluntary programme.

The alternative was the confusion of having metric and imperial measures side by side.

After one unsuccessful attempt, the Government had a Bill approved which allowed it to introduce orders killing off imperial measures on a sector-by-sector basis after discussions with the parties involved.

Orders imposing penalties on traders who refused to make the *change had to be approved* by both Houses of Parliament.

Two of these orders, laying down cut-off dates, are now causing the Government problems. The issue was revived again a few months ago when Mrs. Oppenheim renewed her attack on penalties for traders *who failed to go metric*.

Then, the all-party committee of MPs which monitors legislation for technical deficiencies, took issue with the drafting of *the orders which would have* killed off imperial measures, first in the do-it-yourself and household textile trade and then in the fruit and vegetable sector.

The Committee's objections have now been cleared up but its action has delayed the debate on the orders. It has also focused public attention on metrication—and most of the attention was, until the end of this week, hostile.

This hostility lead Mr. Fraser *to send out his open letter to* trade and consumer associations this week, calling on them to give publicly support to his timetable.

It was not that the Government was offering to go back to an imperial world; more a ploy to show that it was doing only *what it had been asked to do* when it introduced the orders.

Mr. Fraser also, presumably, hoped to show the Tories that they would upset many of their traditional supporters if they voted against the measures.

His letter brought the required response from organisations as diverse as Age Concern and the Confederation of British Industry. In many cases, the support was not a sign that the association were actually in *favour of metrication—merely* that they agreed that, without statutory cut-off dates, the confusion would get worse.

The letter did nothing to *mollify Mrs. Oppenheim* who said that there should be no legal compulsion to go metric.

She was, she said, in favour of an orderly transition, in sectors where it had been agreed by the parties concerned but totally opposed to statutory cut-off dates.

Meanwhile, Mr. Fraser always carries in *his pocket a piece of* knicker elastic—one of the items seized on by Mrs. Oppenheim as exemplifying the stupidity of the household textiles order—to demonstrate that most elastic is already sold in metric packs.

In any case, there is nothing to stop a shopkeeper selling an old-age pensioner a *yard of* elastic as long as it is measured on a metrestick rather than a yardstick.

Britain has already taken far longer to go metric than most other countries.

Even if the orders are now approved, it will mean that Britain has taken almost 20 years to do what other countries seem likely to achieve in nearer 10. If the orders are defeated, it could be nearer 40 years before the last vestiges of the imperial system disappear.

● The National Chamber of Trade, which represents many small shopkeepers fervently *opposed* to metrication, has backed the metrication programme, which it says is necessary to maintain business confidence.

Power price rise denied

By John Lloyd

A DISPUTE over the price of power has broken out between *the Electricity Council and its* watchdog body, the Electricity Consumers Council.

The Electricity Council has denied a claim by the consumers body that the price of electricity increased four-fold between 1962 and 1976.

It says instead that the price, measured in average revenue per unit which the industry receives, has increased by only 209 per cent. overall, and 232 per cent. for domestic consumers only, in that period.

Earlier this week, the Consumers Council wrote to Mr. Roy Hattersley, Prices Secretary, asking for a Price Commission investigation. It claimed that electricity prices had risen much faster than the rise in the retail price index.

The Electricity Council said yesterday that between 1962 and 1972, the rise in the average revenue per unit of electricity sold was less than the increase in the price index.

The position had changed since 1972, owing to the increase in the cost of oil and coal used for generating electricity.

Interim payments of £4.8m. criticised by shipbuilders

BY PAUL TAYLOR, INDUSTRIAL STAFF

INTERIM compensation payments totalling £4.8m. to three shipbuilding groups nationalised last July were announced last night by the Government and immediately criticised by the companies.

Under the interim payment on account scheme Vickers Shipbuilding Group have been awarded £4m., Scott Lithgow and Scott Lithgow Drydocks £150,000 while Vosper Thornycroft (U.K.) and Vosper Shiprepairers receive £650,000.

Details of the awards were given in the Commons by Mr. Gerald Kaufman, Minister of State for Industry, but were greeted with dismay by the companies concerned.

Vosper said: "The offer is very disappointing particularly in the light of Government promises to make substantial interim payments especially when set against the proven assets of £25m. or more."

This series of awards marks the end of the first round of compensation payments to the nationalised shipbuilding and aircraft companies.

Interim payments totalling £21.95m. were announced in January and met with a similar response from the other companies concerned.

Government 'forcing up potato prices'

BY CHRISTOPHER PARKES

THE GOVERNMENT has been accused of forcing up the price of potatoes to an artificially high level. The National Federation of Fruit and Potato Trades demanded yesterday that the Ministry of Agriculture should start to release some of the 500,000 tonnes of potatoes bought off the market earlier in the season when prices hit rock-bottom.

Mr. Denis Mead, the merchants' leader, wrote to the Ministry of Agriculture: "My members need access to potatoes to meet normal retail requirements for sale to the housewife.

Earlier in the season, just after the harvest, farmers were being paid as little as £30 a tonne for potatoes. This was more than £15 below the price guaranteed under the potato marketing scheme.

Prices have climbed steadily, in recent weeks peaking at £80 or more in the areas of greatest shortage. Shop prices have also risen, and are approaching 10p a pound in some places after several months at between 3p and 5p.

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TSB joins call for tax rule changes

BY MICHAEL BLANDEN

THE TRUSTEE Savings Banks has added its weight to the strong arguments put forward by the clearing banks for changes in the tax rules to remove the advantages enjoyed by building societies and other savings outlets.

In his annual report, Mr. Andrew Rintoul, the chairman of the TSB central board, argues the case for "fiscal neutrality." He says: "There is no logic in treating savers differently for taxation purposes depending on where they save."

The TSB, he says, "believes strongly that tax concessions should accrue to the individual and not the organisation." All the savings media would then quote a true rate of interest rather than a rate which may or may not apply to a particular saver.

"It is unfortunate," he adds, "that one institution continues to advertise so heavily its 'grossed-up' rate; would it not be more accurate to advertise the actual rate and state that this *was* tax free to all 'standard rate' payers?"

Mr. Rintoul also argues for a radical review of the tax system in general, commenting that a switch away from direct taxation would increase the consumers' ability to decide his own consumption and saving requirements.

Commenting on the past year's experience of the TSB's, he says that an overall increase of £242m. in customers' balances was recorded, and the total reserves of the banks reached £219m. Looking ahead, he observes that the savings ratio will remain at a relatively high level.

Brae Field well tested successfully

By Ray Dafter, Energy Correspondent

Partners in a Pan Ocean consortium have successfully tested an oil flow in an appraisal well in its North Sea Brae Field structure.

The well was drilled as part of an evaluation programme *designed to determine the location* of production platforms in the field. Marathon Oil, parent company of operators Pan Ocean has announced that the development cost of the field could be about $2bn. (£1.1bn.).

The group has spent more than £40m. on exploration and appraisal drilling on Brae and, in spite of the latest results, drilling will continue.

The well was drilled to a depth of 13,470 feet and was tested at a flow of 919 barrels a day.

Stockbrokers Wood Mackenzie says in its latest North Sea report, published to-day, that recoverable reserves of Brae are *between 180m. and 560m.* barrels. Marathon has put the reserves at more than 500m. barrels.

Metrobuses join London Transport

LONDON TRANSPORT yesterday *took delivery of the first* of five prototype Metrobuses built by the Midlands-based Metrol-Cammell Weyman, a subsidiary of Laird.

Another 200 of the *double-deckers*, worth a total of £7.5m., are on order and due for delivery this year and next.

The Metrobus was designed with the help of London Transport engineers and nearly all its components are British. *In a* bid to avoid maintenance problems which have dogged some previous *bus purchases, the* Metrobus has been put through a series of tough tests and trials.

Apart from minor modifications, for example to the front suspension, the engineers say they are "confident" the Metrobus will stand the rigours of London use.

Olympic award

CANTABRIAN, the sports equipment subsidiary of Trust House Forte, has been selected by the Russians as sole supplier of track and field equipment for the 1980 Olympics in Moscow.

Mr. Mike Farrell, a former British Olympic athlete, headed the Cantabrian negotiating team, and the deal was clinched in the face of stiff competition from Berg, the West German sports equipment supplier.

Laurie Milbank

An article in yesterday's property column inadvertently referred to Laurie Milbank and Co., the stockbroking firm, as insurance brokers.

Union attitude to pay 'depends on Whitehall'

BY ROBIN REEVES, WELSH CORRESPONDENT

UNION restraint in the next round of pay settlements will depend on the Government getting the climate right, Mr. Len Murray, TUC general secretary, said in Llandudno yesterday.

Mr. Murray told the Wales TUC at the start of its annual conference that he did not believe unionists would regard big pay claims or increases twice a year as serving their real interests.

"This message has come through clearly from our members. They remember what happened in 1974-75. They do not want to return to a headlong race between wages and prices in those years of rampant inflation."

The TUC would go on talking with the Government and each side would need to listen attentively to the other. But, for its *part*, "*the Government should* concentrate on the getting the climate right, above all by action on prices and jobs."

Mr. Murray suggested that asking the unions to choose between pay restraint and free collective bargaining was like asking them to vote for the submissive society or the permissive society. "We do not have to choose either."

"What we have to do is to explore with the Government how we can jointly frame a strategy for economic and social advance in the world as it is, which takes account of all the elements of the real world, not just those selected factors which suit one side or the other."

The necessarily rigid policy of 1975 and 1976 was designed [to] deal with a critical situation, [not] provide a permanent system [of] regulated pay.

The problem now was to [en]sure that as unions moved ba[ck] into flexibility and collecti[ve] *bargaining they avoided stoki[ng]* up the fires of inflation.

Water authority staff to ignore 10% pay guideline

BY OUR LABOUR CORRESPONDENT

LEADERS OF 24,000 white collar employees of water authorities decided yesterday to ignore the Government's 10 per cent. guidelines when they negotiate a new pay agreement due from July.

A special delegates' meeting of National and Local Government Officers Association members in the water service was held and the negotiators were instructed not to take the guidelines into account.

They demanded that no settlement *should be below general* levels of pay awards already agreed in the private and pub[lic] sectors.

The union has already su[b]mitted a claim on behalf of [the] water staff which inclu[des] demands for substantial [pay] increases, a 35-hour work[ing] week and extra leave.

● The 190,000 members of [the] biggest civil service union, [the] Civil and Public Services As[so]ciation, have voted "ov[er]whelmingly" to accept [the] Government's 9.5 per cent. p[lus] *consolidation pay offer* in [a] ballot of union branches.

Rover management in peace move

BY OUR MIDLANDS STAFF

ROVER MANAGEMENT took the initiative yesterday in recalling a staff union to talks to try to prevent a dispute that threatens to involve all 36 Leyland Cars factories.

Since Tuesday, 8,000 manual workers have been producing Land-Rovers, Range-Rovers and saloons with the help of senior management in reduced numbers in the face of a strike by nearly 400 foremen.

The dispute is over continuous working during normal breaks to increase output to justify a £250m. expansion programme.

The foremen are members of the Association of Scientific, Technical and Managerial Staffs, and yesterday 1,000 members from the six Rover plants in Birmingham decided to support their Solihull colleagues. They are to ask the union's executive *to call out the other 11,000 members* within Leyland Cars.

The meeting also demanded a resumption of normal working and an independent inquiry into *the running of the Solihull plant.*

Later Mr. Charles Crabb, a divisional official of ASTMS, was called into talks.

These were adjourned until Monday by which time the situation at other Rover plants should have been clarified. If foremen do not return to work next week, senior management is likely to try to keep supplies going to Solihull.

Shell oil strike call ignored by many

By Philip Bassett, Labour Staff

THE THREAT of widespre[ad] disruption to oil supplies rece[ded] *yesterday* as an official stri[ke] originally due to involve [..] Shell white-collar workers at [..] terminals seemed less well s[up]ported than the unions h[ad] hoped.

A spokesman for Shell sa[id] that many of the company's terminals were working n[or]mally. Many of the white-col[lar] *workers had refused the call* [of] their unions to come out.

The major threat to oil su[p]plies lay in the stance of t[he] tanker drivers, whose overti[me] *ban earlier this year led to d[is]ruption.* The clerical worke[rs] involved in the strike belong [to] the Association of Scientif[ic] Technical and Managerial Sta[ffs] and ACTSS, the white-collar s[ec]tion of the Transport a[nd] General Workers' Union.

The clerical workers said [..] the action got under way th[at] there would be "close liaison" with the predominantly TGW[U] tanker drivers, but that t[he] drivers were not at this sta[ge] being asked for full suppo[rt]. They were being asked to [..] operate by not doing jobs n[or]mally done by the strikers.

Sanctions taken before t[he] *all-out strike* have also be[en] sporadic, ranging from full [..] official strikes at some of t[he] depots to no action at all [at] others.

The dispute is over a pay off[er] which Shell says is well with[in] Government guidelines. T[he] unions have rejected it, and sa[y] that Shell has been "very mu[ch] more generous" in pay offers [to] other groups of workers.

Shell says that the reject[ed] offer, adding up to a total p[ay] package of 14.5 per cent., wou[ld] give 10 per cent. and at le[ast] 2 per cent. for productivity to the staff involved.

Journalists told to strike

A 24-HOUR strike by 1,400 journalists working for Thomson Regional Newspapers was ordered yesterday by the National Union of Journalists' national executive.

*It is to take place next Thurs*day, and nearly 40 weekly, 13 daily and one Sunday paper owned by the group are likely to be affected. The union claims that membership at Thomson regional offices is "nearly solid" in support of 77 journalists at Hemel Hempstead who were dismissed on Monday after operating sanctions.

Mr. Ken Ashton, NUJ general *secretary, said*: "We shall be consulting TRN chapels and our Provincial Newspapers Industrial Council to see how we shall progress the dispute from Thursday onwards."

Bill adjourned again

THERE WERE angry protests from the Government benches in the Commons yesterday when, for the second week running, a Labour-sponsored private member's Bill designed to strengthen the positon of trade unions failed to complete its remaining stages.

Debate on the report stage of the Employment Protection (Amendments) Bill—it seeks to make changes in the law to remedy union grievances arising from the Grunwick dispute—had to be adjourned and there is now little likelihood of the measure becoming law.

Mr. Harold Walker, Minister of State for Employment, accused Tory MPs of indulging in time-wasting tactics.

THE WEEK IN THE MARKETS

The past few days have seen remarkable changes in market performances on both sides of the Atlantic. Attention has however focused on New York where the words "panic buying" were used, perhaps a little over-optimistically, to describe the events of the early week. Another dimension was added to the scene with U.S. decisions on gold sales.

One for the history books

NEW YORK

JOHN WYLES

AS IF responding to the call of some Pied Piper of profit, investors at home and abroad, large and small, have thrown off their well established aversion to the buying and selling of stocks and have staged something of a spring festival on the New York Stock Exchange this week.

Headlines screaming of a "buying panic" on Wall Street enabled the rally to feed and grow off itself, brokers' faces renowned for their gloom have been creased in smiles for the world seemed a better place. Amidst all the intoxication, however, the evidence suggests that in the last five sessions the New York Stock Exchange has enjoyed a trading rally but it is by no means clear that a genuine rally for stock prices is under way.

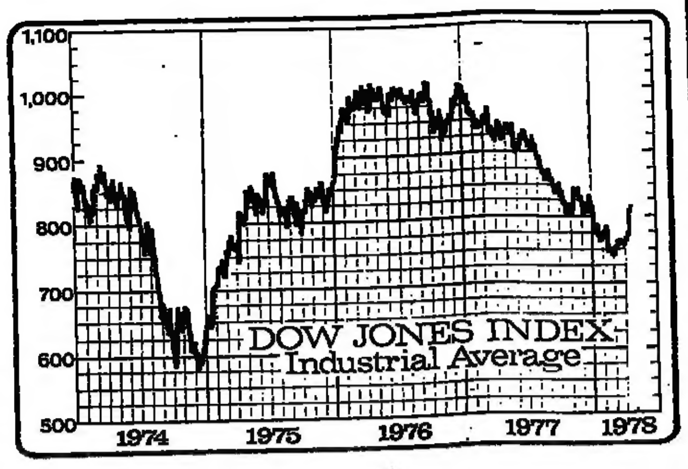
In other words, the dominant herd instinct of the week may not have been that of the bears but, all appearances to the contrary, neither has it necessarily been that of the bulls. The Dow Jones Industrial Average has certainly gained nearly 40 points in the five trading sessions up to last night but this was on a total trading volume of more than 233m. shares or an average of more than 46m. a day. The average daily volume for the three months up to the end of March was 20m. and the question being asked by the sober minded here is whether there would not have been a much more sizeable increase in the Dow if the market was genuinely throwing off the bearskin it has worn for the past 15 months.

Mike Johnston, head of research at Mitchell Hutchins, part of the Paine Webber Group, recalls a similar, though smaller, market surge in the first quarter of 1976. "The real gains were achieved in the first two weeks and were followed by several months of heavy trading but no significant progress on the upside." This view implies that what has been happening is not a major change of course for the stock market but a technical correction following several months in which major stocks have been heavily undervalued.

As this column has often pointed out, blue chip stocks which dominate the market indices have suffered far more from investors' gloom than the secondary stocks and it is the blue chip stocks, with their excessively low price earnings multiples which have led this week's rally.

Among the major buyers have been the institutions which for a year or more have been reducing their exposure on equities but which have been tempted back into the market by the fear of "missing the bus." There are few fund managers who believe that the outlook for the American economy is any different than it was a fortnight ago but they work in a competitive world and the man whose portfolio has a lower return than those of his peers is the man who could be looking for another job in 12 months' time. The institutions have, however, also been quite heavy sellers this week as they unloaded some of the less attractive stocks in their portfolios. Just what precisely triggered the rally last Friday, when a record 52.28m. shares were traded and the industrials gained 19.92 points, is still something of a mystery. Brokers reported that New York banks were prominent in the market the day before and that the chairman of the Fed, Mr. G. William Miller's advice to the administration to cut or defer its $24.5bn. tax package was an important influence on investor psychology.

But other factors were equally if not more important than the new chairman of the Fed's emergence as a truly independent voice. The dollar has been much more stable in the foreign exchange markets of late and this began to revive foreign investors' interest in U.S. equities two or three weeks ago. A resurgence of foreign buying has been a notable feature this week with British investors in the forefront followed by the French. Significantly, German and Swiss purchases have been much lighter which suggest that there is little confidence that the dollar has embarked on a long term recovery.



For much of this year the dollar has superseded the weekly money supply figures has a major influence on domestic investors but the old preoccupation and its associated fears of inflation may well be returning. As if to suggest that there is a fragility underlying the market recovery, fears that the latest money supply figures would reveal a substantial increase caused the industrials to fall back to a gain of 6.5 yesterday after a omre substantial advance earlier on Thursday. The actual $2.1bn. rise in M1 encouraged profit taking in early trading this morning. But one man's profit may be another man's loss and another important stimulus to this week's heavy trading has been the need of many professional investors to cover themselves against short selling. Here an investor sells a borrowed security on the expectation that he will be able to buy one for return at a lower price, thus gaining an overall profit on the transaction. In the month ended last Friday short interest leaped to a record 40.05m. shares pointing to many expectations of a continued fall in the market.

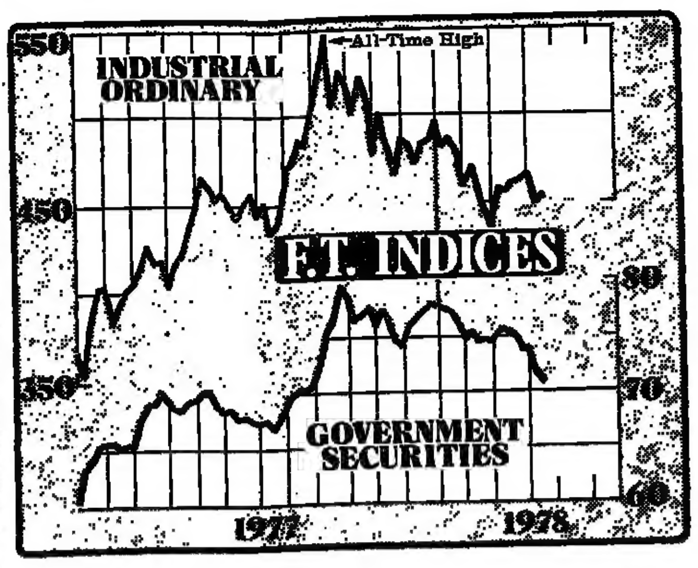
This week's recovery will have cost many short sellers money and there have also been casualties on the Chicago Board Options Exchange where a number of market makers had taken large positions shorting call options and thus gambling against a market rally. Reports yesterday morning suggested that up to a dozen market makers may now be forced to sell their seats and leave the Exchange, so large have been thtir trading losses.

	Close	Change
Monday	810.12	+14.99
Tuesday	803.27	−6.85
Wednesday	808.04	+4.77
Thursday	814.54	+6.50
Friday	812.80	−1.74

Action centred on gilts

LONDON

ONLOOKER



Gilts took the limelight in the market this week. Uncertainty over short term rates, with another rise in MLR expected, after the 1 point jump the previous week, tended to create a rather nervous atmosphere over the first couple of days.

The increase in bank base rates on Wednesday did, however, ease the fears over an imminent rise in MLR and there was certainly a more confident mood in the market. The Government Broker was quick to take advantage of the revival, activating both the short tap, which was quickly exhausted and the long tap for the first time for over a month. There was about £200m. of the long tap left on Wednesday so the GB was under some pressure to clear the decks ahead of an expected tap issue, or even two, on Friday. The authorities were no doubt anxious to get their heavy funding requirements under way. However with yields at the longer end of the market at around 13 per cent. it looked an expensive funding operation when the official forecast for inflation has been given at 8 per cent.

This added to the uncertainties in the market and as it turned out the revival was short lived. The continued weakness of sterling knocked sentiment and when it was known that the long tap had been exhausted and the GB was no longer underpinning the market, prices drifted lower. The eventual announcement of a new long tap had little impact but the lack of a new short dated stock left the shorts better in late dealings yesterday.

T & N rights

Turner and Newall was originally planning to make a rights issue to coincide with its preliminary figures at the beginning of last month. In the event it decided to delay its funding until this week's annual meeting, so as to be able to give shareholders a clearer view of the year's profits outlook. It is just as well that it did, for the trading news is bleak.

Profits are actually down a little so far in 1978, and since the group spent well over £60m. on acquiring new businesses last year, that means there has been a sharp downturn in some of its activities. The weak spots are mainly in the U.K., and include asbestos products and automotive components.

T and N says there are no more major bids in the pipeline, but it is still spending heavily on fixed assets. Something like £45m. is planned for the current year, compared with net cash flow of only about £30m. in 1977. So it has decided to go ahead with its second rights issue in just over two years (to raise £32m.) in order to maintain relatively conservative gearing ratios until such time as its new investments start to pay off properly.

The current year is still likely to show profits growth but it will only be modest—from £45.3m. pre-tax to perhaps £50m. or a bit more. But until the management shows that it can consistently live up to the rather more dynamic image that T and N has these days, the shares are going to need the support of an above average yield. This explains the ex rights yield of just over 10 per cent.

Mining is on Page 8. Gold market report Page 9. Commodities Page 25. Money and exchanges Page 27.

Clearers report

The Price Commission report on bank charges appeared on Tuesday, as expected giving the all-clear to the big banks to raise their charges for money transmission services. The report concluded that in most respects money transmission services in the U.K. compare favourably in efficiency with those available abroad and that the charges made for them are not in general excessive. It also found that the profitability of banking as a whole is low especially in inflation accounting terms, and that it is only through raising money through new issues that the clearers have been able to maintain the ratio of free capital to deposits over the past few years.

But the Price Commission has not confined its comments to bank charges alone. Other recommendations include: the banks should disclose their general provisions for bad and doubtful debts, the Bank of England should regulate membership of the London Clearing House, while membership here should be open to all substantial retail banks, and the banks should try to achieve more flexible opening hours, including Saturday mornings.

The recommendation that the banks should adopt conventional accounting rules for establishing their annual profits does appear to be opposed in principle by the clearers, though Lloyds is known to be less enthusiastic about full disclosure than the others. The clearers will not be hurried to make the changeover, but it is probable that they will be on the new system two years from now.

Initial stock market reaction to the report was to increase bank share prices but by the end of the week the sector index was up only two per cent., in line with the All-Share.

Premium active

The great charge in Wall Street prices in the past few days has sent the dollar premium swinging wildly. At one point the effective rate climbed as high as 52¼ per cent.—before the sellers emerged and the pendulum started to swing back. At the end of the week the premium had crept down to 45½ per cent.

Even before the recent surge in U.S. share prices the premium had been steadily rising as both institutional and private investors began to show increasing interest in U.S. stocks. On March 21 the premium stood at around 42¾ per cent., rising to 48¼ per cent. just over a week ago.

Hence when the mad scramble to get into U.S. stocks began the premium soared. This in turn tempted the large institutional holders of premium currency to sell and to take some nice profits.

It looks as though the premium will remain volatile for a little time yet. However, if the price sinks much below its current levels it is expected that it will be the turn of the buyers to be tempted back into the market.

The current confusion is not helped by the fact that some institutions may feel that the premium is still too high which could lead to refinancing through back-to-back loans.

Bid fever

Bid speculation has been behind a number of the top performing shares this week. Dawson International, in which William Baird has a major stake, rose a sixth and London Sumatra, despite the failure of McLeod-Sipef's takeover attempt showed unexpected strength. Plantations and food retailers were among the most popular punting sectors. Sainsbury is rumoured to be coming with an offer for Wheatsheaf which is already being bid for by Linfood. Less likely, perhaps, are stories of bids for Harrisons and Crosfield (capitalised at £100m.) from the Far East and for Rio Tinto Zinc (£475m.) from an American oil company. Booker McConnell is considered a possible bidder for Nurdin and Peacock, while some speculators reckon that Reckitt and Colman is casting an acquisitive eye over Letraset.

THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM MARCH 23

	% change
Investment Trusts	+6.8
Overseas Traders	+5.6
Newspapers, Publishing	+3.1
Engineering Contractors	+2.8
Banks	+2.3
Motors and Distributors	+2.1

THE WORST PERFORMERS

All-Share Index	−0.6
Toys and Games	−4.2
Insurance (Composite)	−4.8
Shipping	−6.0
Hire Purchase	−7.0
Insurance (Life)	−8.0
Property	−9.1

U.K. INDICES

Average week to	April 21	April 14	April 7
FINANCIAL TIMES			
Govt. Secs.	71.81	72.66	73.99
Fixed Interest	75.00	76.24	77.30
Indust. Ord.	454.3	458.8	467.8
Gold Mines	138.6	150.5	154.4
Dealings mkd.	4,590	4,967	5,210
FT ACTUARIES			
Capital Gds.	198.46	199.99	203.11
Consumer (Durable)	183.05	184.84	187.34
Cons. (Non-Durable)	193.22	194.11	196.72
Ind. Group	197.17	198.55	201.69
500-Share	218.11	218.77	221.96
Financial Gp.	159.06	160.77	163.98
All-Share	202.36	202.61	205.69
Red. Debs.	59.19	59.99	60.59

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low	
Ind. Ord. Index	455.0	+ 7.6	497.3	433.4	Rise halted by sterling doubts
Gold Mines Index	136.8	−10.2	168.6	130.3	U.S. Gold sales announced
Allied Colloids	69	+ 8	90	61	Buying in thin market
Bellway	69	+ 9½	69½	47½	Renewed takeover speculation
Bradwall (FMS) Rubber	49	+10½	49	31	Good preliminary results
Burmah Oil	51	+ 8	57	42	Better-than-expected results
City & Foreign Inv.	74	+16½	74	48½	Strong Inv. Trust sector
Clarke Nickolls	70	−10	93	52	Following results
Francis Inds.	61	+ 6	65	55	Better-than-expected results
GUS A	280	+12	312	256	Increase in consumer spending
Hampton Areas	126	+28	128	81	CCP acquires 17½ per cent. stake
McLeod Russel	217	+24	245	180	Profit and dividend forecasts
Owen Owen	77	+ 7	81	68	Better-than-expected results
Perry (H.)	185	+20	186	144	Results/proposed scrip issue
Supra Group	45	+ 7	45	32	Record results/rights issue
Tanganyika Concessions	140	+12	140	122	Diamond exploration hopes
Tern-Consulate	35	+ 6	35½	23	Good preliminary results
Turner & Newall	170	−18	223	170	Rights issue/cautious trdg. st'mt.
Ultramar	248	+28	248	194	Wall Street advices
Wheatsheaf Distribution	200	+16	202	118	Bid situation

FINANCE AND THE FAMILY

Property which is joint

BY OUR LEGAL STAFF

In your reply under Probate not necessary (March 11) you wrote that where assets were jointly owned probate need not be taken out. In our case a car is registered in my name, but the insurance and expenses are covered jointly by my wife and myself. My wife has jewels given by me There are insurance policies on my life, assigned to my wife under the provisions of the Married Women's Property Act. How do these fit in?

It is not appropriate to seek to take assets out of the estate by labelling them as joint property. It is a question of fact in each case whether the beneficial interest in the property is joint. Thus jewellery owned by your wife can hardly be characterised as joint property whatever the provenance may be. A car may be jointly owned if it is used by both owners, but will normally follow the registration. Policies of assurance will depend on their express terms, but Married Women's Property Act policies are most unlikely to be joint property, or to be capable of being such.

Recouping the premium

I own a villa in Spain on which I paid a substantial dollar premium on purchase in 1974. I have heard that by living continuously in Spain for nine months and obtaining what is known as Residencia I can reclaim the premium. Is this so and if so, how do I go about it? Could you tell me the regulations about taking a car to Spain?

The only way we know for you to recoup the investment currency premium paid on your villa in Spain would be for you to become resident in that country for U.K. exchange control regulations by taking emigration treatment. This would require you to take up permanent residence abroad, with the intention in practice of staying there for at least three years.

In these circumstances the emigrant is allowed to take with him assets valued at up to £40,000 (£80,000 for EEC countries). It is possible to use part of the emigration allowance to reverse the original purchase of investment currency, thus effectively recovering the premium; the actual amount involved would obviously depend on the level of the premium ruling at the time compared with the level at the time of original purchase.

Cars owned prior to redesignation as non-resident of the U.K. can be taken abroad without deduction from the emigration allowance; they may also be taken abroad on certain conditions by U.K. residents living temporarily abroad.

Retirement annuities

As a self employed professional man paying tax at or near the top rate could you tell me whether the 15 per cent. restriction on pension premiums applies to one's incomes after deduction of (a) capital allowances for plant, etc.; (b) house mortgage interest; (c) other loan interest deductible under transitional provisions until 1980? As I see it these premiums are invested in funds which themselves are free of tax, could it not be beneficial for a high rate tax payer to invest in these pension funds even without tax relief?

Capital allowances are deductible, but not interest (provided that there is other income available to cover the interest). The rules are to be found in subsections 5 and 7 of section 227 of the Taxes Act. The provisions relating to stock relief are a little more complex, but presumably this does not concern you.

If excessive premiums are paid, the proportion of an annuity attributable to the excess is taxable as investment income, without any relief for a notional capital element, so the attraction is illusory. The rules are to be found in sections 226(1) and 230(7)(b) of the Taxes Act.

Suffering from a fall

My sister suffered a fall in a shop at the beginning of a holiday and as a result had a good deal of pain and her holiday was ruined. In spite of constant pressure on the insurance company concerned, no action has yet been taken. How can they be made to act? And what sum of compensation can she expect?

You have no claim against the insurance company because their duty is owed not to you but to their policyholder, that is the shopkeeper. What you will have to do is issue a writ against the shopkeeper. To do this you would be well advised to consult a solicitor, and to come to some understanding with him about the fee he will charge given the small value of your claim. Your costs will ultimately have to be paid by the shopkeeper.

Your sister will be enabled to claim, by way of compensation, her actual financial loss: lost earnings, medical expenses, and the like, together with a further sum for her pain and suffering (but not her ruined holiday). The sum will depend entirely on the discretion of the court. A solicitor will be able to give you a rough indication.

Material change of use

I own a five-acre field which has a site licence for one caravan in perpetuity, and a tenant occupies it. If I increased the number of caravans to five, would it amount to a material change of use and so require planning permission?

You do not state what is the present position as to the permitted use of the field for planning. If it does not have permission for use as a caravan site or has a permission but subject to a condition as to number, there would probably be a material change of use.

Sixth of a person's income

The relief granted on life insurance premiums is stated to be on those not exceeding one-sixth of gross salary less outgoings. Does this mean I have to deduct my tax allowances from gross salary?

The limit of "one-sixth of that person's total income," specified in section 21(1) of the Taxes Act, refers to a taxpayer's total income after all deductions except personal reliefs. This is made clear in section 34(3) of the Finance Act, 1971:

"Deductions from total income under Chapter II of Part I of the Taxes Act . . . shall not affect the amount to be taken as a person's total income for the purposes of section . . . 21 (limit on relief for certain premiums, etc.) of the Taxes Act . . ."

As you probably know, the 1976 Finance Act effectively abolishes the one-sixth limit for 1979-80 onwards (except for taxpayers whose total income exceeds £9,000). The details are to be found in section 34 of the Finance Act, 1976, and in paragraph 21(1) of schedule 4 to that Act.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The man in the middle

INSURANCE

JOHN PHILIP

BESIDES THE insurance brokers, who are now re-organising their ranks in the light of the provisions of the Insurance Brokers Registration Act, there are a number of other intermediaries engaged, some whole-time, some part-time, in the task of bringing the insuring public and insurers together. There are pension consultants: solicitors, accountants and other professional businessmen. There are banks, finance houses and building societies: there is the whole range of sales agents and field staff employed by insurers. There are many individuals who for one reason or another hold agency appointments.

Speaking recently at the annual conference of the National Union of Insurance Workers at Bournemouth Mr. Stanley Clinton Davis, Parliamentary Under-Secretary of State for Companies Aviation and Shipping said that "now that the self-regulation of brokers is well on the way we must ensure that the standards of the best of the other intermediaries become the standards of all, so that the consumer can be sure of getting good advice and service . . . we suggest restricting sales of insurance to clearly recognised channels: the registered brokers, and perhaps members of other professions prepared to offer policyholders certain safeguards: the insurance companies themselves and their employees: and properly accredited agents for the companies for whom the companies would carry a clearer responsibility than they do now."

Stopping there, for the moment, what the Government and Mr. Davis are talking about is professional competence. Hitherto the criterion for appointing a non-broker agent more often than not has been the expectation of the volume of business that that agent might bring in. Provided he is shown on reasonable enquiry to be an honest person of business and financial integrity, the fact that at that stage he does not even know the basic insurance law of materiality and non-disclosure or the difference between a motor and life policy is irrelevant.

Of course as he goes on the agent learns, often the hard way, and from time to time at his client's expense.

This is where there is room for substantial improvement, though precisely how is not clear—for example, is the thought in Government that eventually insurers should set up training schools for agents and issue certificates of competence? Whatever the eventual changes that emerge, it is clear that from now on there is to be pressure for change and that insurers, individually and collectively, will have to re-appraise present practice. Whether one looks at the present situation just from the consumer's standpoint, or from the viewpoints of the non-broker intermediary or insurers themselves one cannot reasonably quarrel with the need for re-appraisal.

Mr. Davis however did not confine his comments to the restriction of insurance sales via competent agents, perhaps in designated categories. He went on to say "side by side with this we could endeavour to clear up some aspects of the law governing insurance agency. This is not regulated by statute and the present position is very complicated in law. The policyholder if he has to go to the courts to get a settlement of a disputed claim, is now often in a difficult and confused position as, amongst other things, it is unclear whether the agent has been acting for him or for the insurer. And this may be vital to his case. This is not good enough."

It is here that insurers are far more likely to take up their defensive cudgels—for although the law is complicated, having been established through the judicial decisions reached by the judges in disputes before them, there is one clear principle that comes through continually.

This is that the true intermediary—be he broker or non-broker agent, such as solicitor, accountant or even motor trader, as contrasted with an employee agent of insurers, and whatever the terms of his agency appointment, is the proposer's/policyholder's agent so far as concerns the purchase or re-arrangement of cover, the communication of material facts to insurers and so on. And although this duality of agency can be confusing for the insuring public I do not think that the remedy for eliminating that confusion, as Mr. Davis suggests, is to place the onus for acts [of] agents fairly and squarely [on] insurers.

The facts and judgment of [a] recent Court of Appeal decis[ion] in the case of *McNealy v P[en]nine Insurance* provide [an] interesting illustration of [the] problem. According to the pr[ess] reports, McNealy, a part-ti[me] musician, proposed for mo[tor] insurance through brokers. [The] brokers were appointed age[nts] of Pennine Insurance and kn[ew] that musicians, whole-time [or] part-time were unacceptable [to] that company. The brok[ers] failed to get details [of] McNealy's part-time occupat[ion] and pass it on to insurers, w[ith] the consequence that when [an] accident occurred and insur[ers] discovered McNealy's part-ti[me] musicianship they were able [to] refuse indemnity on grounds of non-disclosure.

Maybe I am misunderstand[ing] Mr. Davis's reported comme[nts] but it seems to me that [a] repositioning of the onus [for] acts or omissions must str[ike] also at the long-established [law] on materiality and n[on-]disclosure and must aff[ect] fundamentals of the insura[nce] contact. This is undesirabl[e] and provided the intermedi[ary] carries adequate professio[nal] indemnity cover, there is [no] problem in leaving the respo[nsi]bility where it falls at prese[nt].

Deducing the cost of moving on

HOW TO sell your soul. This is a problem for which Denis Healey has all the solutions—and he confiscates rather less of your ill gotten gains than is popularly supposed to be the case.

The vendor, typically, is a *bright young man who has built* up for himself a small but profitable business: small because it has been solely his own labour which has been involved, and profitable because not only has love gone into his labour, but also have considerable quantities of energy and native wit.

The purchaser is a larger, established, organisation. It wants several things. First it wants the customers whom our entrepreneur will bring with him. He may have been able to serve them only in one, rather limited area—the purchaser thinks that it can enlarge the areas covered, thereby ensuring that its consolidated profits are greater than the sum of the presently separate parts.

Secondly the purchaser wants the entrepreneur himself, energetic, intelligent, self reliant and with at least some proven record of success. He may not be an easy bedfellow for some of the more institutionalised inmates in the purchaser's establishment. But it is universally accepted in management that a dash of ginger must be added on every possible occasion.

Let us assume that the entrepreneur is carrying on his existing business through a company. He may have thought originally that he could build its profits to a level at which the corporate structure would have real tax advantages, difficult *though such growth must* be if the business is only himself. More likely, he saw the company name as advantageous for advertising and image creation, and he valued the limitation of his personal liability should disaster strike the business.

So how does he now sell himself and his business, without losing all the proceeds in tax? Can one sensibly advise him to seek a "reverse golden handshake?"

In 1962 a Mr. Arundale received an *ex gratia* payment not flowing from his leaving his job, but in order to persuade him to take the job concerned. He was at the time the senior partner of an accounting firm. One of his clients wanted to tempt him out of practice and into a managerial post in the client's company. Mr. Arundale only agreed on the basis that he received a share stake in the company, thus giving him a *status in the company similar* to that of his erstwhile client.

The courts examined for the umpteenth time the wording of Schedule E, to see whether the value of the shares received could be taxed as part of his earnings from his new employment. That wording provides that tax "shall be charged in respect of any office or employment on emoluments therefrom. . . ." *The key word is the* last one: the House of Lords has expressly concluded that the significance of the word "therefrom" is that to be taxable, a payment must be made in

TAXATION

DAVID WAINMAN

reference to the services the employee renders by virtue of his employment, and it must be something in the nature of a reward for services past, present or future (although a considerable question mark hangs over the extent to which the past should have been mentioned).

Mr. Arundale successfully showed that the money's worth he received was insufficiently related to services and the reward for those services, that it was in consideration of his giving up a successful professional career and "undertaking" to enter employment, rather than for what he might or might not do later on, after that employment had commenced.

Should our entrepreneur allow himself to be similarly and monetarily persuaded away from employment with his own company and into the employ of its suitor? The answer must be *no*. Mr. Arundale won through on the particular facts of his case. Those we are now considering are likely to be rather different. The entrepreneur will have no traumatic break from his established pattern of life. Mr. Arundale needed six months to extract himself from practice before he undertook to start employment. It is likely to be of the essence of the purchaser's requirements that their new employee should start work without any significant interval: *it is also of the* essence that the work he will be doing, and the customers for whom he will be doing it, will be almost entirely unchanged.

But there is an additional reason for not looking to Mr. Arundale for a precedent. Since 1962 the climate has changed; one of the lowering thunderclouds which now form a permanent part of the skyscape is the anti avoidance legislation designed to stop that constellation of pop stars who found, in 1969, a way of selling their earning capacity for capital consideration rather than income. It could be that our entrepreneur could get home and dry—but then again he might [be] well and truly soaked. T[he] latter is after all the gene[ral] intent of anti avoidance legis[la]tion.

Safer by far to recomme[nd] him to sell something ot[her] than himself if he wants to s[tay] out of income tax, even if [he] thereby walks into capital ga[ins] tax instead. It would not [be] sensible for him to have [his] company sell its business [and] goodwill. That would produ[ce] a taxable receipt for the co[m]pany, and distributing [the] remaining net figure from [the] company to him would cost t[ax] a second time.

The standard advice whi[ch] one must therefore give is "s[ell] your company." Face the capi[tal] gains tax on what you recei[ve] for your shareholding: it is m[uch] easier to face if you get betwe[en] £1,000 and £9,500 for the shar[es] you sell in a particular fis[cal] year. The standard advice c[an] only be to play safe.

Mr. Healey knows all t[he] answers. He knows how mu[ch] or how little to tax the ent[re]preneur who decides to sell h[is] soul the safe way. He kno[ws] how to tax that other ent[re]preneur who is willing to ri[sk] his all trying to emulate M[r.] Arundale. And Mr. Healey al[so] knows whether or not it is [a] good idea to breed a generati[on] of entrepreneurs dedicated [to] playing safe.

A riddle for Miss Midler

MISS BETTE MIDLER has a problem. She is the U.S. rock singer who plans a European tour in the autumn and wants to be paid in gold. It is the only protection against fluctuating exchange rates, her management thinks.

When she announced her demands last week the London gold price was just beneath its *high for the year at $179.375 an ounce* and the trade-weighted depreciation of the dollar was 6.17 per cent.

By the time the European markets had had a chance to give an immediate response to *the U.S. Treasury plan for* monthly sales of 300,000 ounces over a period of at least six months starting in April, the basis of Miss Midler's calculations had changed. By Thursday evening the bullion price was $168.875 and the dollar's depreciation had narrowed to 4.39 per cent.

It is true that yesterday the bullion price reacted against the sharp fall of the previous day and closed at $171.125, but nevertheless it is possible that *the dollar has begun to move* on a new track, thus posing a riddle for Miss Midler.

The strength of the gold price in recent months has been partially linked to the weakness of the dollar, itself the centre of international currency instability. If the U.S. Treasury sales, however small and symbolic they may be, act as one of a number of catalysts to steady the dollar, then speculative sales of gold from investment portfolios may take place.

This is not to suggest that the bullion price could slump to the levels of 1976 when it was under $130 an ounce, but it is to suggest that market movements might be quite sharp and that Miss Midler should have second thoughts.

Provided the level of fabrication demand holds up then the bullion market has a very firm base. It is the calculation that demand is accelerating which has allowed the mines to adopt a sanguine attitude to the U.S. sales, which, it is pointed out, are smaller in scale than the continuing International Monetary Fund disposals.

As the table shows, gold min*ing profits are at healthy levels,* although the latest round of quarterly reports from the Anglo American, Anglovaal, Barlow Rand, General Mining, Johannesburg Consolidated and Union Corporation groups has indicated a slightly lower level in the three months to March than in the three months to December.

At around $170 an ounce, the gold price the mines have been receiving is much the same over the two quarters and, if it *is possible to generalise over* such a wide range of concerns, the factors determining the profit levels have been internal rather than external.

In the first place, a tendency to mine a lower grade of ore can be observed at some mines. Secondly, production has sometimes been lower. Thirdly, in-

MINING

PAUL CHEESERIGHT

creasing costs continue to be a problem as the mines come to terms with higher electricity charges and the necessity to cope with the continual movements in the labour force which cause extensive training programmes.

Certainly there is no appearance of belt-tightening in the latest dividend payments from *Anglo American Orange Free* State mines. Western Holdings, for example, is declaring an interim dividend of 190 cents (118p) which compares with 140 cents a year ago and a final last September also of 140 cents. *President Steyn is paying an in*terim of 30 cents after total payments of 20 cents in the year to last September.

One of the beneficiaries of these payments, indirectly, is De Beers, which now owns 33 per *cent. of Anglo American. As Mr.* Harry Oppenheimer, the chairman pointed out in his annual statement, the group is in an expansionist phase.

The main preoccupation of De Beers, however is to induce a re*turn to order in the overheated* open market for rough gem stones. Mr. Oppenheimer made it clear there would be no rise in basic prices until this is justified by retail demand. He insisted that a surcharge, at appropriate levels, would continue to be levied by the Central Selling Organisation until "a reasonable relationship has been restored" between the prices of rough and polished stones.

But these are the problems of an industry riding the crest of a wave. Down in the trough are many industrial mineral producers—like Hamersley, the Rio Tinto-Zinc group's Western Australian iron ore producer.

In the first quarter to March, net profits were reduced to A$1.7m. (£1.05m.) from A$9m. in the same period of 1977 as the company coped with reduced demand from the Japanese and European steel industries.

If this earnings pattern is repeated elsewhere in Western Australia, then Selection Trust, the London mining finance house, will not be receiving from Mount Newman as much as the £2.5m. it gained in the nine months to December.

Selection Trust in those *months had net profits of £9.6m.* compared with £10.4m. in the previous full year. The final divided is 9p, making a total payment for the period of 14p, against a total in 1976-77 of 16.72p. The latest final appli[es] to shares issued for the acqui[si]tion of the Kleeman group.

These figures look handso[me] when seen against the depr[es]sed markets for base meta[ls] but it is a comment on [the] state of the industry gene[rally] that of Selection Tr[ust's] £201.4m. turnover no less [than] £70m. derived from what [the] group called "active tradi[ng in] Government securities."

Still, the feeling is gai[ning] ground that copper price[s at] least have bottomed out and [this] week Mr. J. Edwin Carter, [the] chairman of Inco, the wo[rld's] largest nickel producer, [said] that nickel prices "show s[igns] of staging a modest upturn."

Inco had first quarter [net] profits of $34.9m. (£18.8m.) against $4.6m. in the l[ast] quarter of 1977 but this reflect[ed] *advance purchases and curre[ncy]* gains rather than any stro[ng] demand revival. Indeed t[he] group's stocks remain 341m. lbs. more than a yea[r's] production.

GOLD MINE NET PROFITS

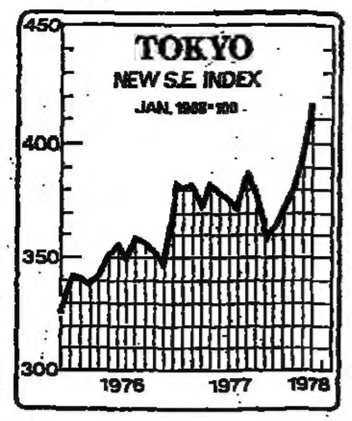
	March quarter R000s	Dec. quarter R000s	Sept. quarter R000s	June quarter R000s
Blyvooruitzicht ...	6,930	4,489	5,209	7,160
Bracken	1,439	1,309	985	916
Buffelsfontein ...	8,724	8,724	6,970	6,449
Doornfontein	2,588	2,780	1,860	3,384
Durban Deep	†609	†771	†*674	†*155
E. Daggafontein...	‡140	‡403	‡817	‡48
E. Driefontein	20,446	25,147	19,554	15,542
E. Rand Pty.	†721	†1,965	†228	†*754
E. Transvaal	503	479	396	642
F. S. Geduld	17,798	16,729	†‡28,834	14,111
Grootvlei	1,168	1,529	966	813
Harmony	7,026	8,623	2,220	7,061
Hartebeest	11,796	9,403	8,037	7,019
Kinross	3,144	3,119	2,486	3,533
Kloof	7,642	6,525	5,702	5,862
Leslie	597	528	285	92
Libanon	3,383	4,155	2,822	4,876
Loraine	†439	†940	†383	[illegible]
Marievale	142	867	460	346
President Brand...	11,033	9,531	7,815	11,568
President Steyn...	7,805	10,098	10,879	4,406
Randfontein	13,537	14,675	11,452	11,019
St. Helena	4,394	4,859	4,537	5,036
S. African Land...	‡242	‡1,315	‡388	‡412
S. Roodepoort ...	†8	†21	†6	†131
Stilfontein	1,858	2,741	1,067	7,315
Vaal Reefs	19,614	32,540	14,610	13,087
Venterspost	†123	†1,058	†786	†642
Vlakfontein	156	*135	77	287
Welkom	2,479	2,668	1,950	2,773
W. Driefontein	22,188	23,793	18,025	17,367
W. Rand Consold.	†470	†319	†1,026	†2,165
Western Areas ...	3,432	7,236	3,359	2,463
Western Deep ...	14,221	15,166	11,616	13,013
Western Holdings	9,250	9,409	7,818	7,752
Winkelhaak	4,418	4,559	3,402	3,247

† After receipt of State aid. * Loss. ‡ Net surplus includes sa[le] of capital items following cessation of mining. †‡ Pre-tax profit.

YOUR SAVINGS AND INVESTMENTS

Land of the rising yen

BY NICHOLAS COLCHESTER



AFTER EXPERIENCING the recent rise and fall of the London market British investors must watch the cliff-like rise of the Tokyo share-prices with scepticism. They might wish someone had told them to buy at the start, but they lack the courage to climb aboard this late.

Take courage, advises the London broker Henderson Crosthwaite: the climb of Nikkei-Dow index has only just begun. So far this year it has risen by 14 per cent. to a post-war record of 5,555. Christopher Heath, the firm's Japanese specialist, states flatly that it will rise another 20 per cent. before the year is out.

Monetary factors lie behind the recent strength of the Japanese market. Interest rates are at a post-war low, with the discount rate at 3.5 per cent. These rates have prompted the investment funds in Japan to switch in a big way from fixed interest securities into equities. The savings ratio remains high, and the banking sector and companies have plenty of liquidity. This surplus of cash suggests that the predicted pick-up in business activity in Japan will not lead immediately to a damaging upsurge in interest rates. The inflation rate, too, is right down from 25 per cent.-plus in the wake of the oil shock, to 4.5 per cent. to-day.

In Britain we have become accustomed to looking at a rising exchange rate with alarm—largely because we suspect that such a development is the result of special influences other than an increase in our industry's international competitiveness. The first bullish point to make about Japan is that the strength of the yen is the reward for industrial efficiency. The effect of the yen's strength is to concentrate the efforts of Japanese industry in high-technology areas that have prospects for the future. From this viewpoint, exchange rates are not "the great leveller," but actually reinforce the differences in the industrial effectiveness of different countries.

Henderson Crosthwaite detects improving corporate confidence in Japan, bred of an expectation of economic growth. The Japanese Economic Planning Agency has forecast an annual average economic growth rate of 6.3 per cent. over the next five years—an envisaged total growth over that period of no less than 35 per cent. in real terms. The broking house contends that the current situation on the Tokyo exchange is analogous to that in 1972, when the stock market rose by 92 per cent. It is this prospect that makes the increase in the index so far look quite modest.

Assuming that you find the argument convincing, how should you participate? Christopher Heath thinks that three British-based investment trusts—Crescent Japan, GT Japan and Jardine Japan in that order of preference — are suitable vehicles. He favours Crescent because it is most fully invested at the moment. At its current price of 165p, Crescent shows a discount to net asset value of 30 per cent.

Feeling the pinch

BY ADRIENNE GLEESON

SPRING—spring?—and early summer is the time of year when most people go house-hunting. Ask any estate agent. This year the pattern may have been distorted, because of the early flurry in house prices; but even though things have settled down again it is evident that a good many people are still looking. If they do find the property that they desire, however, how likely is it that they will also be able to raise the money to finance it? This month the building societies are, for the first time, cutting back on their lending in line with the Government's request: and already there are disquieting stories of sharp reductions in the amounts which societies are prepared to lend—and still more disquieting stories of the length of time which would-be borrowers must wait for the money that they need.

In an attempt to map out the lie of the land, I talked to a handful of the biggest of the building societies—the societies to which the majority of our readers will, on statistical probability, be going, should they wish to trade up in the housing market. The results are incorporated in the accompanying table. But be warned. It is intended as nothing more than a rough guide: and society after society emphasised that individual circumstances would merit individual treatment.

What is immediately obvious from the table is that anyone who wants to raise a great deal of money by way of a mortgage is going to have a tough time doing it. Beyond a certain point, of course, it isn't really worth doing anyway, for the interest on loans in excess of £25,000 does not qualify for tax relief. Anyone who, nevertheless, wants to raise more than £25,000 by way of a mortgage would probably do best to start off by approaching Nationwide, which is emphatic that it imposes no formal limits on the amount which may be advanced to any one borrower—though equally emphatic that the majority of borrowers in fact play safe, and borrow considerably less than the society would, on consideration of their security and their ability to repay, be perfectly prepared to lend them.

For those with no ambitions for a mansion in the country or a flat in St. John's Wood, the situation at the moment is a curious one. Most of the societies to which I talked said that they would not allow the restrictions which the Government has asked them to introduce to limit the amount that they will lend to individual borrowers: but they might be forced to tell them to go and ask elsewhere. Alliance is something of a curiosity, in that its policy towards existing borrowers is specifically designed to push them into ploughing back the equity which they have acquired in their existing properties—a move which, given the rise in house prices on either a long or a short-term view, one would have thought was forced on those who trade up anyway.

It is quite true that, having been accepted for a mortgage, the would-be house-buyer might now have to wait for his money. For the new restrictions are being imposed by way of quotas at individual branches of the societies: and anyone whose application is accepted at a branch whose quota has run out, is going to have to wait until the manager receives his next allocation of funds. However, agreement in principle that a mortgage should be granted, isn't likely to take much more than 10 days to obtain, even allowing for the building society's survey: so it is worth asking when that comes through whether there will be a wait and how long it is likely to be.

But, if there is such a wait, of course, the prospective house-buyer's freedom of action may be severely limited: he certainly isn't likely to receive favourable considration as an applicant for a mortgage from any other society, unless he has been saving or has borrowed from them already. So the arguments for spreading savings around between several societies are as strong as ever they were.


Ashley Ashwood

LENDING POLICY OF THE BUILDING SOCIETIES

Society	Maximum advance	Multiple of income	Percentage of valuation*	Average times for mortgage to come through
Alliance	Plus £2,000 on existing loans £16,000 on new loans	2¾	95	10 days
Britannia	£20,000	2½	95	10 days
Halifax	£25,000	2½	90	To 6 weeks
Leeds Permanent	No maximum	2½-3	95	To 12 weeks
Leicester	No maximum†	2½	95	8-10 weeks
Nationwide	No maximum	2½	90**	One week
Provincial	no maximum	3	90-95	To 6 weeks

* Assuming a house built after 1930. † But they would think twice if anyone asked for more than £20,000.
** Varies according to the size of loan.

Financial doctoring

DO YOU feel financially unsound? Is there a permanent blockage in the cash flow, a hiccup in the expectations, a certain creaking in the financial ligaments? Then consult your friendly clearing banker. Until just recently that would have been Dr. Barclay. But this week Dr. Midland set up in competition.

For a minimum fee of £25 (out of which you get a one-hour session; so you want to make sure that you have done your homework first and do not need to take up any more of the doctor's time) Midland Bank Trust Company will now provide you with a personal financial counselling service. It is not a cure-all. The bank does not aim to resolve your problems: all it does promise is that it will turn the cold eye of impartiality and experience upon them. Those problems might take in anything from insurance to the provision of a will: from the dilemmas which beset anyone who would go abroad, to the financial aftermath to the break-up of a marriage.

A yearbook for investors

ANYONE WHO invests in unit trusts on a regular basis should be glad to know that this year's edition of the Unit Trust Year Book* is now out. It is not a volume that anyone would select for their bedtime reading, but it does give a wealth of solid, down-to-earth information about the industry in general and about the 362 trusts which compose it in particular—or rather, about the 362 trusts which did compose it when this book was put together. Just recently, new trusts have been emerging like daffodils in spring; but then there isn't much that can profitably be said about them anyway. Anyone who wants to buy has to go on the manager's promises—and the reputation they have acquired for the performance of the funds which are under their care already.

The new edition of the Year Book has, as usual, a selection of articles which are quite invaluable for anyone coming new into this field.

* *The Unit Trust Year Book 1978, published by Fundex Ltd., Greystoke Place, Fetter Lane, London EC4A 1ND. Price £5.85.*

A warning on pensions

WHILE ON the dismal subject of financial health, the self-employed might like to note that Vanbrugh Life has just made a contribution towards their *joie de vivre* with the publication of a pamphlet entitled The New State Pension Scheme: a guide for the self-employed. This goes into the dilemma they face in trying to provide themselves with a decent standard of living in their old age: in particular, it examines the gap which is likely to open up between the provision available to anyone contracted in or out under the new State Pension Scheme, and that available to those among the self-employed who merely contribute to the basic pension. The object is, of course, to pave the way for a sympathetic hearing to the virtues of Vanbrugh's Flexible Retirement Plan: but indeed, the subject is serious enough: and anyone who is self-employed should certainly be thinking about arranging some form of topping up.

Institution/fund	Currency	Listed	Valuation	Minimum purchase on issue	Initial charge %	Annual charge %
Brown Shipley						
Sterling Bond Fund	£	—	Weekly	£1,000	1.5*	0.375
Clive Investments (Jersey)						
Clive Gilt Fund (CI)	£	—	Weekly	100 shares	1.5*	0.675
Clive Gilt Fund (Jersey)	£	—	Weekly	100 shares	1.5*	0.675

*Charges decline as sums invested increase.

Gilt-edged temptation offshore

THIS WEEK, let's take a look at a handful of recently launched offshore funds. It's an appropriate moment to do so, because one of them—Brown Shipley's Sterling Bond Fund—sees the light of day for the first time this morning. The fund is designed for people who live abroad (or in the Channels Islands), who want to put their money into gilts for the sake of the income available: and the managers reckon that the recent uncertainties of the market make this, if anything, rather a good moment for people to put their money in.

The validity of that argument will, of course, be tested by developments later in the year: what happens to the money supply, to sales of gilt-edged stock by the government broker, and to the rate of inflation and the value of sterling. Even if we assume that Brown Shipley is right, however, and that the events of the past few days have represented nothing more serious than a temporary setback, there is one point that ought to be made to those who would put their money into sterling fixed interest funds. Because the managers assume that income comes first—Brown Shipley is reckoning on offering an 11 per cent. yield on its new fund, which can be reinvested by those who want capital growth rather than income — there isn't all that much they can do if markets turn sour for any length of time. It's possible for them to go liquid on a temporary basis—by putting their money into Treasury Bills, for example, or CDs: but those investments will not yield as much, and to keep the income up they must, sooner or later, go back into gilts.

The point is illustrated by the performance of the Clive Gilt Funds, also relatively recent arrivals upon the offshore scene (they started taking money last month). They are slightly down on their offer price—not a bad performance, given the way that gilts have behaved in the meantime: but then both funds still have a relatively high level of liquidity. They reckon that there won't be any problem in achieving the 11 per cent. return that they have forecast, but unless gilt markets do perk up it may have to be at the expense of capital performance.

SAVINGS AND INVESTMENTS 2

Warmer times for tour men

TOUR OPERATING

ARTHUR SANDLES

HORIZON MIDLANDS which, with recently floated Saga, is one of the few companies offering investors direct access to the British package tour business, was playing very coy earlier this week about its plan to raise £1m. with a rights issue. Although profits were slightly down on the industry boom year of 1975-76 the current season promises well for household names such as Horizon so doubtless the company feels the timing is right.

However, unless there is some well kept secret on the Horizon files, there seems little need for cash for nearly a year. Already the company has a few pennies tucked away and backing for a higher consumer protection bond that will be needed for Horizon's expansion southwards into Luton will not be required until the end of March 1979. "We are just a cautious company," says chief executive Bruce Tanner.

"Cautious" is perhaps a somewhat grey word to describe a group of individuals who fought themselves out of the wreckage of Vladimir Raitz's Horizon Mark One collapse to become one of Britain's big five tour operators. Gradually the Midlands part of the Horizon name is being scaled down and no one would be at all surprised to see it disappear completely in the not too distant future.

The tour operating business has shown itself to be highly volatile in the past, making the prediction business a difficult one, but at the moment conditions seem to be set fair for the tour operators, if not necessarily for retailers.

For the past two years the industry as a whole seems to have got its sums very nearly right. Being cynical one might think that in many cases this was due to outside factors as much as managerial skill. The major outside factors were that two years of buffetting had made the tour men extraordinarily conservative in the business approach, and that the British charter fleet is now so diminished as to make any major expansion of programmes a difficult proposition. This year too all the indications are that supply and demand will be fairly evenly matched, with the bulk of high season holidays already sold.

However, all in the garden is not completely rosy. This year, like last, the summer demand is not proving as strong as was predicted in the winter and thus although the top brand names have been doing well, there is still some nervousness in the ranks of the smaller operators. For the consumer this is no bad thing. It means that there are still holidays to be had in July and August with smaller, but highly reputable, operations.

The other concerns revolve around that thorny old question of surcharges. It looks highly probable that surcharges will be with us again this summer and that consumer irritation will result.

This time there is a multiplicity of reasons for the imposts. Particularly criticised are the Spanish hoteliers who are accused of increasing their prices in mid-contract as a result of employee wage demands (new Spanish freedoms include the right of industrial action). But added to this are those little things which passengers prefer to forget, such as the newly announced security service charge which is now going to be paid by the airlines (80p a head). Passengers to Greece may face surcharges because the Italians are proposing to make a charge for aircraft overflying their territory—no details are available yet but the present guestimate is abo… £2 per passenger.

Tour companies cannot abs… this sort of surcharge. T… passenger may well say th… should, but the sharehol… would doubtless be alarmed. Horizon last year made arou… £2.30 pre-tax per client average.

Further ahead the indus… has the prospect of increas… competition from Scandinav… tour operators. Tjaerebo… opened its doors in London l… year selling holidays for … coming season. It is apparen… well pleased with the results… a small programme offering j… under 80,000 holidays and pl… to increase this to 100,000 … the summer of 1979. One … Tjaereborg's major Scandi… vian rivals is Vingresor, wh… chief executive Jan Carlzon i… now announced his intention … moving into Britain.

All in all things seem to set fair for people li… Thomson, Horizon, Tjaerebo… and Vingresor. The proble… are for those trapped in t… middle.

Trevor Humphries

Bruce Tanner (chairman and m.d.) and Kenneth Franklin (deputy m.d.) of Horizon Midlands: a cautious leap to the top five.

Charges to change

BANK CHARGES

ADRIENNE GLEESON

IF THE BANKS are to make any adjustments this year to the charges that they make on their "retail business" (branch business, as opposed to that conducted at head office), they need to notify the Price Commission by the beginning of June. And the Price Commission made it clear, in the report on bank charges which it published earlier this week, that it would cast a jaundiced eye on any proposals made unless they were accompanied by evidence of serious intent to implement its recommendations. So there is much discussion in banking parlours at the moment, much weighing of the pros and cons of higher charges and interest payments. But the net result seems likely to be that relatively little will be done in the short term—for the start of the next six monthly period on which bank charges are based, in July. The charges described in the accompanying table will, in all probability, continue to prevail.

Those charges raise, intermittently, the most dour criticism of the banking industry from those who suffer them. And it's not difficult to see why.

The principal suggestions of the Price Commission — that interest might be paid on current accounts, and that, if necessary, the cost charged on such accounts should be raised to compensate — caused neither shock nor horror in the industry. What they did cause was a certain amount of perplexity as to whether, and if so how, it might be done.

The beauty of the present system of bank charges — the appearance of that table notwithstanding—is its relative simplicity. Both the man who keeps £1,000 in his current account, and the man who keeps no more than £50, has a fair idea of what his use of the banking service is going to cost him—and the former, in addition, does not need to worry about the impact of taxation on the interest that his £1,000 might earn elsewhere. Working out a new system to provide a similar balance of simplicity and convenience—which will reward the high deposit holder *without deterring* the impecunious altogether—is going to take a fair amount of doing.

All the same, it isn't for this reason that the clearing banks are not falling over one another to bring in the radical changes in retail banking which the *Price Commission* has suggested they might reasonably consider. It is because the recent rise in interest rates has, for the moment, taken off the pressures of necessity.

TARIFFS FOR PERSONAL ACCOUNTS

	Minimum balance for "free" banking	Charge per debit if balance below minimum	Notional interest	Minimum charges waived (per half-year)
Barclays	£100 minimum or £200 average	10p	5%	5p
Lloyds	£150 average	9p	4%	25p
Midland	£50	9p	5%	25p
National Westminster	£50	10p	5%	25p
Bank of Scotland	£50	8p	—	30p
Clydesdale	Nil	7p	5%	25p
Royal Bank of Scotland	£50	8p	5%	25p
Allied Irish				
British branches	Nil	10p	—	50p
N. Irish branches	£50	5p	—	50p
Northern	£50	5p	—	50p
Ulster	£50	5p	—	50p
Coutts	£500 average	£30 per year	—	—
Williams & Glyn's	£50	*	5%	25p
Yorkshire	£50	9p	4%	25p
Co-operative	Nil	9p	—	25p
Trustee Savings Bank	£50	2½p	—	—

* Williams & Glyn's charge 6p for automated transactions and 9p otherwise

Source: Price Commission

A rise in the rates

BORROWING

ADRIENNE GLEESON

ALL THE clearing banks put their base rates up this week —to nobody's surprise: after all, some rise was more or less inevitable from the moment that the Chancellor pre-empted the market by announcing a one point increase in minimum lending rate right at the beginning of his budget speech. All that the clearing banks have been waiting for was to see whether the rise had been enough, or whether nervousness in the markets at home and abroad would force the Treasury into allowing it to go a little further.

Anyone who wants to borrow money is now going to have to pay rather more for it—if, that is, he wants to borrow it by way of an overdraft. As the table indicates, even after the rate rises this is still a much cheaper way of raising money than a personal loan would be—though whether it stays that way really depends on what happens to interest rates in the future.

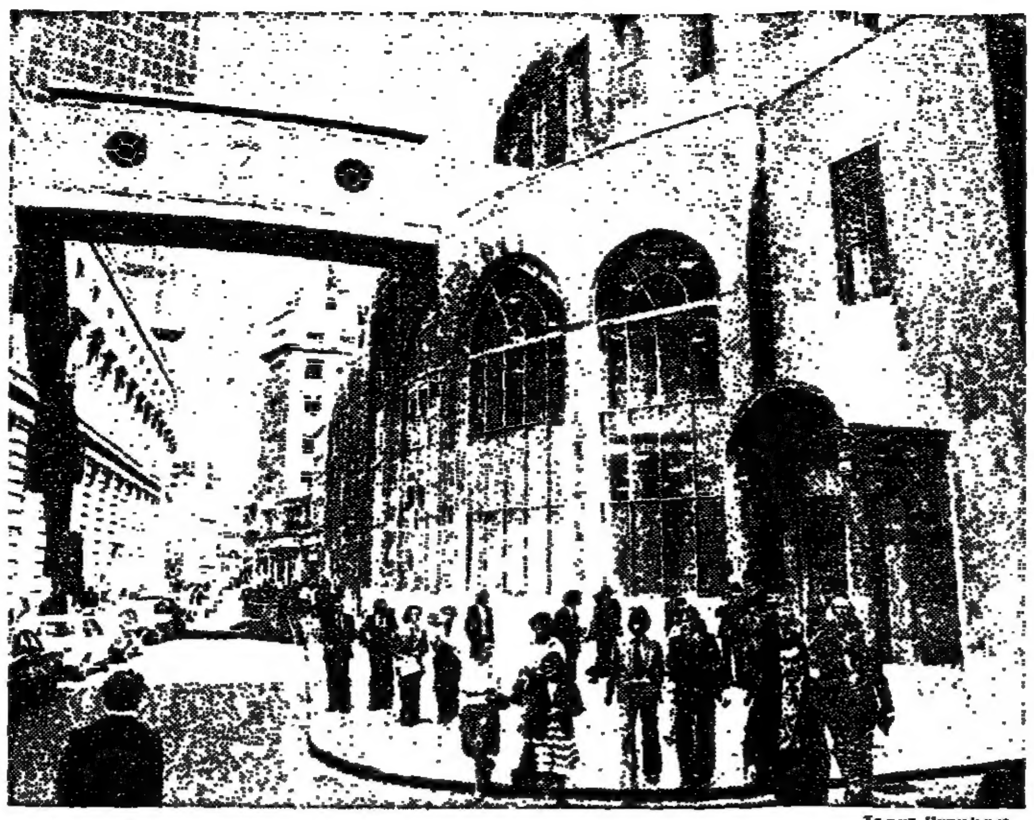
Assuming that they may have a little further to rise, what should the would-be borrower be doing? That depends on two things his credit rating first —if he can raise his funds at a mere 3 per cent. over base rates, then this is the way to do it: and secondly, the speed with which he reckons that he can repay the loan.

Personal loans are made for a given number of months, and have to be repaid at a given rate throughout the period: there is no mileage to be had from paying them back early. Overdrafts, in contrast, can be paid back as early as you like. So if you belong to the ranks of those who would really rather not borrow money and who, having borrowed, are desperate to repay it as quickly as possible, an overdraft is the vehicle for you. For the first time in years there is, incidentally, some intellectual justification for that puritanical approach. The annual charge for borrowing money is now higher than the annual rate at which the value of that money is depreciating: so for the first time in years the borrower is not winning all the way down the line. The depositor is not winning either: but that (see the piece opposite) is a different story.

THE COST OF BORROWING AFTER THE RATE RISES

	Maximum	Term (years)	Rate %	True cost over 2 years %
Barclays				
Overdraft	—	—	10½-12½	Varies
Barclayloan	£2,050	2	—	14.93
For home improvement	£2,000	5	—	14.93
Clydesdale				
Overdraft	—	—	10-12	Varies
Personal loan	£2,000	3*	7½	14.7
Co-operative				
Overdraft	—	—	10½-12½	Varies
Personal loans	£2,500	3*	—	14
Home development	£2,500	3-5	—	15
Lloyds				
Overdraft	—	—	10½-12½	Varies
Personal loan	Negotiable	2-5	7½	14.7
Midland				
Overdraft	—	—	10½-12½	Varies
Personal loan	£2,000	3*	7½	14.7
NatWest				
Overdraft	—	—	10½-12½	Varies
Personal loan	None	3*	7½	14.7
Yorkshire				
Overdraft	—	—	9½-13½	Varies
Personal loan	£2,000	3*	9	16.3
Houseowners	£2,000	3-5	9	16.8

*Except where hire purchase restrictions apply.



Trevor Humphries

Lloyd's of London

Pressure from without

LLOYD'S

JOHN MOORE

LLOYD'S OF LONDON, the world's leading insurance community, is under attack as never before. Competition from overseas insurance groups is great. The volume of business in many classes of insurance is not sufficient to feed the ever expanding capacity of the insurance markets. Premium rates are being cut to obtain whatever business is going, while at the same time the value of the risks is climbing.

So it is becoming difficult for insurance concerns to underwrite profitably. And Lloyd's is no exception. Conditions have worsened to such an extent that in some syndicates the number of members being introduced may have to be restricted in the future.

But the day-to-day trading problems of Lloyd's have been given added spice by the controversial ruling this week by the Committee of Lloyd's, which effectively blocked proposed bids by two American brokers for two Lloyd's brokers.

Lloyd's has said that no outside insurance interest may normally hold more than 20 per cent. of the equity of a broker seeking recognition at Lloyd's. Outside insurance interests were defined as an "insurance company, an underwriting agency, or a non Lloyd's broker, and while the Committee retains absolute discretion the holding by such interests should not normally be more than 20 per cent."

Lloyd's has concluded that it is a prime consideration to ensure that all Lloyd's brokers "remain genuinely independent, so that free of pressure from their ultimate owners, they can continue to obtain the best terms for their clients, be it at Lloyd's or with insurance companies."

Lloyd's has stressed that it has been at pains to eliminate all issues of nationality or place of residence from its recommendations. And it does accept that there are precedents for outside insurance interests owning a broker. But it is in a quandary as to what to do about the muddle.

There has been wide discussion of the reasons behind Lloyd's decision. All business that is placed with Lloyd's has to be placed with an approved Lloyd's broker. Even though the American brokers have done much of the work in producing the business, like all non-Lloyd's brokers they have to still channel the business through a Lloyd's broker if the business is to be underwritten at Lloyd's. That means that the commission arising has to be split between the Lloyd's broker and the American broker.

The two bids by American brokers Marsh and McLennan and Frank B. Hall for Lloyd's brokers Wigham Poland and Leslie and Godwin are seen as a way in which this dilution of commission could be reduced.

Lloyd's brokers in turn are worried that if outsiders own Lloyd's brokers then the volume of business left to them would shrink, and with it their valuable commission.

Frank B. Hall is annoyed by the Committee of Lloyd's decision. Already it is talking about not placing as much of its business in the Lloyd's markets. There is no shortage of capacity in other markets, and Lloyd's could well lose out.

Choosing to sell

GOLD

MICHAEL BLANDEN

THE FIRST reaction of the gold market to the news of the planned sales of the metal by the U.S. on Thursday was to mark the price down sharply. It dropped by $5¼ on the day to $168¾ an ounce, its lowest level since early January and well down from this year's peak of $189¼ recorded on March 8.

Nevertheless, the reaction of many dealers and of the South African mining industry was that the decision by the U.S. might not have too dramatic an impact on the movement of the price in the coming months. The market had in any case already been affected by fears that the administration in the U.S. might take such a step, ever since the recently retired chairman of the Federal Reserve, Dr. Arthur Burns, openly urged gold sales as a method of countering pressure on the dollar.

This possibility was one of the reasons for the setback in the price after the upsurge earlier in the year which took it close to the all-time peak levels reached at the end of 1974. To this extent, therefore the market had already discounted the U.S. sales in the price. Moreover, the amounts involved are not too frightening.

The gold market has already got used to absorbing the amounts of around 525,000 ounces of gold a month which the International Monetary Fund has been auctioning for nearly two years. These sales are expected to continue. The U.S. sales will bring another 300,000 ounces each month on to the market out of the country's official stocks of 227.5m. ounces.

The sales, by both the U.S. and the IMF, underline, the main factor which, in spite of recent efforts to remove from gold many of its traditional functions in the world monetary system, make it different from other commodities. This is that the amount of metal which comes on to the market each year from actual new production is completely dwarfed by the existing stocks of gold; the result is that movements in the price can be dramatically affected by sales from stock, whether by official holders or from the hoards of France, the Middle East and the Far East.

Nevertheless, the feeling in the market was that the quantities proposed could be absorbed by demand for industrial use and hoarding, without any dramatic fall in the price of the metal. It may take time for conditions to settle down, and uncertainty until the results of the first U.S. auction next month are known could continue to act as a drag on the price. But on this view over the year as a whole there would be no reason to expect a sharp fall.

The major qualification to this argument may arise out of the position of the U.S. dollar itself. One of the prime aims of the U.S. move has been to help restore some stability to the currency markets. Gold usually comes into favour at times of unrest in the exchanges, and the sharp fall in the value of the dollar last year was one of the main elements which helped to encourage demand for gold as a protection against uncertainty and pushed the price up to its recent peaks.

The U.S. move has been timed to hit the market when the dollar was already beginning to show some sign of improvement. If it contributed to a sustained recovery in the U.S. currency, one of the most important reasons for buying gold will be removed and the speculative demand for the metal which can play a big part in price movements could be substantially reduced.

Glyn Genin

Dr. Arthur Burns, recently retired chairman of the Federal Reserve, openly urged U.S. gold sale.

TRAVEL

The wonders of upper Egypt . . .

DUSK falls like a slowly descending curtain over the Upper Nile. Then, just as you think the day is well and truly over and you might as well head for a pre-dinner cocktail, the most incredible flush of colour grows and pulsates across the sky. It's the time, too, when the kingfishers skim and hover and plunge most efficaciously into the not-terribly-salubrious Nile waters for their supper; and the feluccas are out pirouetting in biblical patterns against the dying day. Overdone you might think if you saw it on a postcard; mind-quietening is the effect in reality.

It was early December when we witnessed these daily phenomena both in Luxor and Aswan. One evening in Luxor, we went on to a man-created performance in Sound and Light at the Karnak temples. We had already visited this fabulous site by day, to the accompaniment of a flight of pelicans doing an aerial ballet directly overhead. Now, at night, the ruins took on an even deeper air of mystery and history.

Even allowing for my susceptibility to Sound and Light performances, I particularly liked the freedom one had *to wander off along the dwarfing* colonnades, feeling very tiny against the 4,000 years of Karnak's history. The text, though a little purple in patches, was evocative, and the lighting superb.

A few miles away across the Nile, in the arid hill clefts that house the various Valleys of the Kings, Queens and Nobles, there are tombs up to 3,000 years old with walls covered by scenes from daily life that would not look so very out of place to-day. Those of the Noble are the most impressive in this respect. Thus, the weighty prospect of so many dynasties becomes strangely less daunting in a setting where the pace of life seems infinitely unchanging. The Nile is still a muddy ribbon, cleaving through bright fields of cultivation, and the desert, pale, parched and very endless, is still only a distant glance away.

But, of course, things *have* changed — drastically. Above all, there are no more floods, no more droughts. The High Dam at Aswan has revolutionised Egypt's economy, with some snares and delusions but also much profit. When you start asking questions in Aswan, it is difficult not to get bogged down in statistics and controversies. But the facts remain that it has increased the national income by 15 per cent., her cultivable land by 2m. acres or 30 per cent., and it provides more than half her energy needs.

The river flows more sinuously at Aswan, curving below the Cataract Hotel. You can visit the quarries at which the ancients laboriously shipped away to extract blocks for their tombs and temples and obelisks like Cleopatra's Needle. Soon you will also be able to visit the 14 temples of Philae, rebuilt stone by stone on a splendid new site beyond the reach of the swollen Nile, as well as later (Roman) remains that, when we were there, were being dredged out of the Nile silt by Royal Navy frogmen and their Egyptian colleagues.

From Aswan, it's a 30-minute flight or several hours by hydrofoil to the Temples of Abu Simbel, which have been lifted about 200 feet since I last saw them and now stand on the shores of the new 300-mile long Lake Nasser, stretching from Aswan well over the borders into Sudan. The flight gives you a good idea of what the new face of Uubia is all about and, though greater accessibility has taken away some of the romance of the expedition the quadruple colossal images of Rameses II still gaze down just as cryptically at tiny Nefatari between his feet, and the reconstructed wealth of decoration within is no less impressive.

However long you are in Upper Egypt it never seems enough, and all of it is sheer relief after the chaos of Cairo, which leaves an impression of a vast unfinished building site saught up in a perpetual traffic snarl. Behind the dusty confusion, there are fabulous treasures, from the 12th century Citadel and cluttered rooms of the Egyptian Museum to the most beautiful monuments of Moslem, Christian and Jew. St. Sergius Church was founded in the 5th century and Ben Ezra synagogue dates back 900 years, for example. The bazaars, as always, are fascinating and there are polite and unobtrusive young tourist police to keep an eye on your interests.

Egypt is only too aware that the heavy burdens she has long carried in Middle East affairs have stifled tourist development among much other economic growth.

As it is, ex-U.K. tours are quite numerous and varied, with British Airways' Sovereign and Speedbird programmes both featuring 15-day arrangements. Combining Cairo and Upper Egypt, for example, the cost is £560-£615 according to season, mostly full board and including a lot of sightseeing. The well-established Nile cruises continue to be probably the most idyllic way of getting the true feel and history of this most historic of waterways. Swan Hellenic, now in their 17th season of Nile cruising, have 17-day arrangements ex-U.K., with guest lecturers and pretty well everything included, from £630, per person in a double cabin. Bales have a similar 21-day arrangement from £705.

Further information: Egyptian Tourist Information Centre, 62a, Piccadilly, London, W.1; Speedbird Holidays, 57, Victoria Street, London, SW1H 0HG; Sovereign Holidays, P.O. Box 410, West London Air Terminal, London SW7 4ED; Swan Hellenic, 237-238, Tottenham Court Road, London W1P 0AL; Bales Tours, 16-17, Coventry Street, Piccadilly, London W1V 8BL.

SYLVIE NICKELS

Your Week-end £: Austria 28.50, Belgium 58.20, France 8.34, Italy 1,570, Greece 66, Spain 142.75, Switz. 3.535, U.S. 1.825. Source: Thomas Cook.

. . . and into inland Tunisia

MOST FOREIGN visitors to Tunisia (about 1m. last year) only know the country's beaches, many of which are glorious but some of which, particularly in July and August are getting rather crowded. Yet, beyond the coast lies some very lovely countryside, seldom spectacular but always rewarding, particularly for the visitor prepared to tackle some not too difficult track roads and who can do without luxury hotels every night. One area which, on the map looks remote but is not really, considering the good roads which give access is the triangle between Gafsa, Tamerza and Nefta. These mountains are the end of the Atlas range which stretches right across North Africa to Marrakesh and beyond.

From Gafsa we drove miles to Metlaoui, a phosphate mining centre. The climb to Redeyef, a depressing mining centre then starts. One has the choice between a good track road or the railway line. The train which appears to date from before 1914 climbs up the spectacular and narrow Seldja gorge. Two walls of honey-covered stone dominate the track sometimes vanishing from sight as tunnels are frequent. One then comes out on to a wide plateau which seems deserted until one comes across minute villages surrounded by well-tended gardens or a cluster of tents.

After Redeyef, the feeling creeps over one that this must be the end of the world. A lunar landscape with no trace of life. Mountains rise a few miles from the road where one may have to negotiate one's way round a newly-formed sand dune.

Tamerza sits on a cliff dominating a wide oued. It is abandoned but for a dwelling or two, and the inhabitants have moved upstream to a new village where the risk from flooding is less great. The old Tamerza, like its berber sister villages south of Marrakesh looks like a cubist painting. Every house is surrounded by high walls, small windows and one door to every house, a wall surrounds the village. The view from the road coming down from the mountains is not easily forgotten. The old and new villages are set in a large and in parts well cultivated oasis. *A simple "hotel"* has been built, consisting of palm tree huts with two comfortable beds to each. One eats outside or under cover of palm.

The hotel site dominates a famous cascade which must provide pleasant refreshment in spring and summer. Last December, the temperature was not warm enough.

Beyond Tamerza, a mile drive takes one to a pass from where one can contemplate the great salt lake of the Chott el Djerid. It seems to vanish into the Saharan sands which lie beyond. At sunset with the mountain backdrop and the extraordinary mix of pinks, ocres and mauves the desert provides, this is a sight which makes you take to your camera with a vengeance.

In late spring and summer you would have to book if you wanted to stay in Tamerza, but not at any other time of the year. What is so compelling about this oasis and its surroundings where one can easily walk is . . . the silence. The contrast in colour, a deep bleu skie, brown mountains and the dark green of the date palms needs no further comment. For those interested in fossils, this is a must. You literally trip over them.

Near Tamerza lies Mides, a minute village built, unlike Tamerza which is an ochre-coloured clay, in dry stone. It is a pre-Roman settlement and probably looks much as it did 3,000 years ago. Approached through a miniature oasis, the main street winds round. If you enter a house and look out of a window, the road is running 300 feet below. Except on one side, the natural site it is built *on makes Mides impregnable.*

At the foot of the mountains Nefta, all of pink built, and Tozeur provide the more mundane facilities of international tourism.

FRANCIS GHILES

APPOINTMENTS

HOW TO SPEND IT

by Lucia van der Post

Less is sometimes more

WHEN THE Design Council's annual Consumer Awards were announced in previous years, a whole range of products were placed before our eyes, all of which were deemed to be worthy of this special designation. This year, by contrast, it is a very stream-lined affair. Only three products have been selected for this highest accolade — all of *which are announced* to-day.

To the ordinary person in the street, at first sight it might seem a little disappointing that there are no wallpapers, no tea-pots, no marvellous chair or eye-catching light, but I feel that for the Design Council to become more selective, to have stricter standards of excellence, is a move in the right direction.

In the past, quite often certain *products which were not always* of high excellence in themselves, but were encouraging because they showed that the parent company was "trying," or because they were at least better than previous *products*, were given awards.

However, I *feel very* strongly that to have real clout the awards must be reserved only for outstanding products, those that can be defended on their own performance, without any "ifs" and "buts."

Of course, in an ideal world, Britain would be so bursting at the seams with excellent products that the more usual number of ten awards would have to be given for justice to be done. But since, *unhappily*, that does not appear to be the case. I think the judges, led this year by the Duke of Gloucester, have done the right and proper thing in saying openly and honestly that in their opinion only three products deserved an award.

It is, nonetheless, something of a mystery that so few new and excellent designs from the more *craft-based industries*, have emerged this year. In the early days of the awards they used to account for about 50 per cent. of them. In 1976 they accounted for 25 *per cent. and this year are* down to—none.

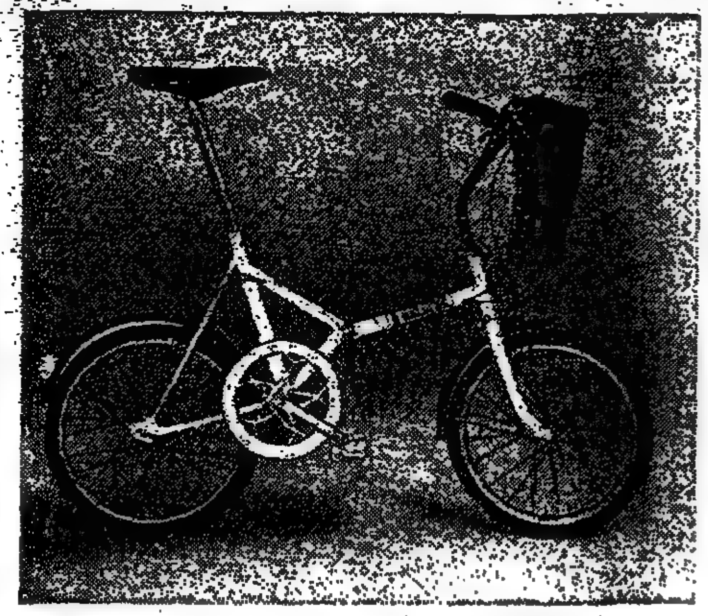
David Barnett, the Council's industrial officer who oversees the products submitted for design awards, asked somewhat despairingly, "Where are the winners, the products with flair, imagination and innovation that will open new territories and *opportunities?*"

As he rightly points out, our art *and design schools* are accepted as being among the best in the world (a leading American textile designer says that of the ten best textile *courses in the world eight are* British), so why is their influence not seeping through to influence and produce designs that could transform our current economic performance?

Still, there it is—*just three* products were deemed good enough to be winners. None of them are what might be called everyday items, all have needed *new technological developments*, great ingenuity and a genuinely innovative approach.

Probably the one most likely to appeal to large numbers of people is the folding cycle.

I foresee the portable "pocket" television set as becoming the next hazard to cope with on country picnics, on the beaches *of the world and at every sport*ing event, while the pick-up arm for hi-fi sets may not seem to bring immediate rewards but is already contributing a healthy *sum to our* balance of payments.



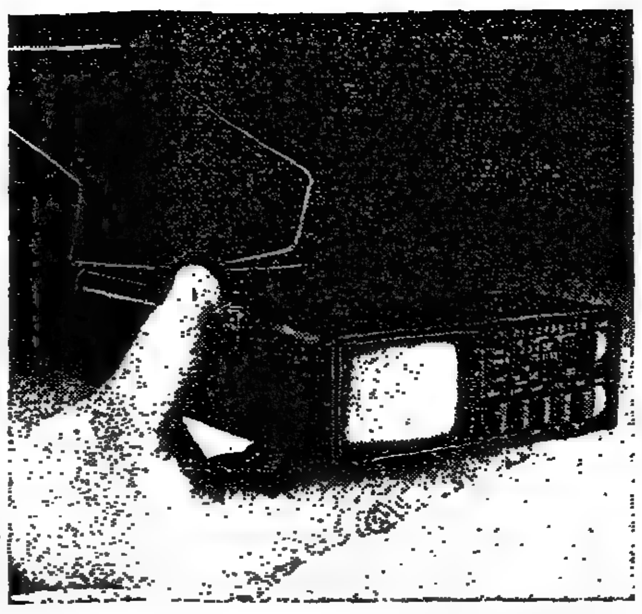
THE micro folding cycle was designed by Peter Radnall to *make his brother's boating trips* more fun—only later did he realise its commercial implications and decide to make it on a larger scale. His brother is a keen yachtsman but used to find when he arrived *in a port he had no means of* getting about the countryside, so Peter Radnall, a design engineer made up for him a folding bike that he could carry on the boat and then put together to do some local shopping and sightseeing.

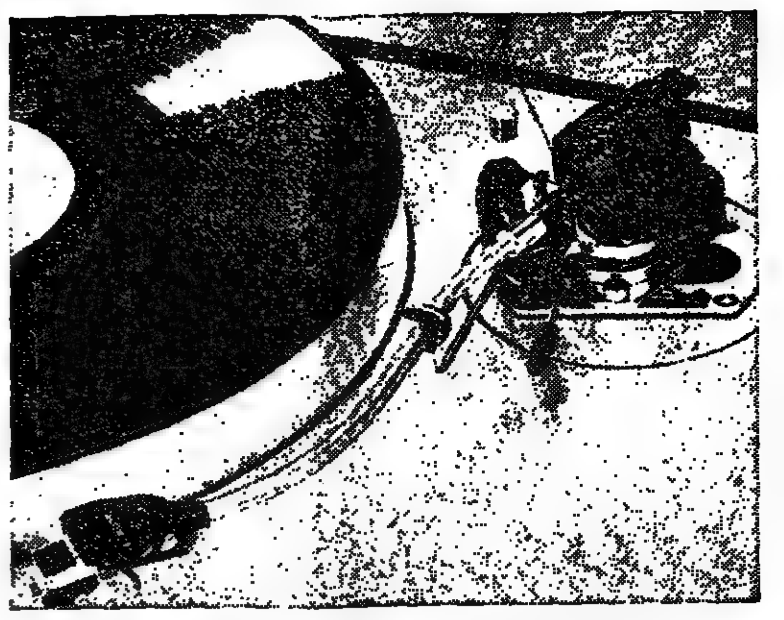
"Originally," he told me, "I gave myself the brief of designing a bike that would fit into a car glove compartment. Of course, I didn't manage that but the bicycle is ultra-compact. *It can be folded into the* heavy-duty nylon carrying bag we provide with it and, from the retailer's point of view, he can fit four micro-bikes into the same space that one ordinary bike would take."

The bike is made from steel tube, and its triangle and bar frame make it very sturdy. It weighs 27 pounds and can be used by all members of a family from the age of about eight years old and upwards.

It is meant to be a runabout, not a touring bike, and it certainly has a nice, jaunty, happy air about it. A colleague who has one has found it very good to ride and says it takes him about one minute to fold or put the bike together.

They are about £95 each and can be seen and bought from Harrods, Selfridges, and very shortly from all branches of Halfords.





SINCLAIR RADIONICS' tiny portable television set (shown above) is the result of over 12 years of research and is the first "pocket" set in the world to be on *general sale*.

Way back in 1964, Clive *Sinclair started experimenting* with screen sizes and came to the conclusion that a 2-inch screen size, provided the picture was crisp and bright, could be *much more satisfactory* than most people had thought. Having experimented with screen size he then found that almost every component part had to be *re-designed and re-thought out*. The most pressing problem, and the one that took the longest to solve, was that of reducing the power consumption. Three of the *five integrated circuits were* entirely designed by Sinclair engineers and the television tube, which is made for Sinclair by AEG Telefunken, was developed *jointly by AEG and* Sinclair. So you can see that wrapped up in this tiny (4-inch by 6-inch by 1½-inch) package is a great deal of genuinely original technological achievement.

Though described as a pocket television set it would only fit into a very capacious one.

Because *Clive Sinclair* envisages that it will be used a great deal by the travelling public (businessmen as well as holidaymakers) it has been *designed to function on all* VHF/UHF bands and works well in most countries of the world (the most irritating exception being France). The *Microvision runs off four* internal batteries; it will work for about four hours on fully charged batteries but they can be recharged from the *mains power supply* while the television is still working. If *there isn't a mains power supply* on hand then the set can be powered from an external 6-volt *battery or a 12-volt car battery* through a cigar lighter socket.

The *Microvision* was first launched in January, 1977, and since then more than 25,000 sets have been sold. It's on sale here at £225 and can be found in specialist radio and television departments like those at Harrods, Selfridges and larger branches of Dixons.

THE PICK-UP *arm (shown* above), simply described as being SME Series III, is a product that at first sight looks just like a rather efficient pick-up arm. *It's not until one has* looked into all that has gone into its design and production that one begins to understand the immense care, skill and sheer inventiveness that has gone into its making.

Designed by Alastair Robertson-Aikman and William R. Edey for SME of Sussex, a firm that employs only 140 people and specialises entirely *in pick-up arms*, it is the result of a completely new look at the intrinsic design problems.

Until very recently the design of pick-up arms was entirely dictated by the *manufacturing* processes, all of which had been established some 20 to 30 years ago. The designers decided to use materials which were *appropriate for the function*, regardless of whether the existing machines could cope with them. This meant that they often had to design their own *machines and tools as well*.

This is the kind of product that *only the true* hi-fi expert will appreciate. It is, not surprisingly, expensive—£138—but at this price you are getting something that is the *best of its kind in the world*. It can be bought independently and fitted into high-quality decks. You will find it in specialist hi-fi shops but if your *local shop* doesn't *stock* it write directly to the factory: SME, Mill Road, Steyning, Sussex BN4 3GY.

Fair trading in Chelsea

READERS who live in or near Chelsea might like to know that the time has come around again for the International Social Service annual spring fair. It has become a colourful local event and many people seem to use it as a wonderful source of unusual and inexpensive presents.

For those who don't know about the fair, it is organised by the *International Social* Service of Great Britain Committee, who seem to be able to charm out of the embassies of the world a fascinating series of presents, all of which are sold to the public. The proceeds go to aid the ISS with their work in trying to help individuals who find themselves *in difficult* or tragic situations that cut across national frontiers. Much of their work is concerned with reuniting families that have been divided by wars, *ideologies, illness* and disaster. They sort out problems of nationality and marriage and devote about 60 per cent. of their efforts to helping the children who frequently suffer most in these situations.

In 1976 the fair made a profit of £21,000 which enabled the British Branch to help 7,000 people in 104 different countries. Last year it made £27,000—enabling them to help 8,000 people.

This year's fair (which is on Thursday, April 27, from 11 a.m. to 6 p.m. at Chelsea *Old Town* Hall and New Sports Hall, King's Road), promises to be as full of original and enchanting things as ever before. There will be gaucho cowhide carpets from the Argentine, beautiful jade carvings *from Canada*, delicious food from Switzerland, Batik work from Malaysia, bamboo, brassware and porcelain from Thailand, fruit, avocados and proteas from South Africa, porcelain from Japan and some particularly unusual and colourful druggets from India.

Indian cotton druggets seem to me a marvellous buy at about £10 each. The one sketched here is in yellow and violet but lots of other colourways will be available at the fair

There will be a chance to win a Sony colour television set, a Honda moped, some uncut *British Columbian jade*, or two tickets for Inglewood Health Hydro. After all that shopping and buying of raffle tickets you'll probably be hungry and one of *the highlights of the fair* is the range of national dishes that can be sampled in the restaurant.

All the traditional symbols of Australia *will* be seen at the fair—Koala bears, kangaroos and a selection of boomerangs like the one sketched here

FASHION AND BEAUTY

PROPERTY

Life at the top

BY JOE RENNISON

JUST HOW MANY expensive new and renovated properties in London do we need to satisfy demand? Is the demand still buoyant and where is it coming from? John Green, a man of property for many years, is convinced that now is the time to return to his favourite occupation/hobby of property development and refurbishment because now that the worst days of depression are over it is again worthwhile.

He and his parent company were active in development but managed to see the bad times coming before many others and retreated to a safe position without fingers being burned. His first venture on re-emergence into the field is the refurbishment of an elegant mansion in South Eaton Place. With his typical good taste he has transformed the house with tremendous attention to detail and it is now exquisitely light and airy in yellow and gold. Carpets and all the domestic and kitchen equipment have been provided. Anyone with enough furniture to fill the house could move in to-morrow. Accommodation is on five floors plus a tiny room with shower on the top. But what price should be placed on this in an elegant area of London much desired by foreigners? It has finally been decided that Knight Frank and Rutley will be asking £340,000.

It would be interesting to compare the price of the following property which has the same length of lease (62 years) since the two properties have several points in common.

Margaret Duchess of Argyll, has instructed Tufnells the Belgravia estate agents to sell her Georgian mansion formerly called Argyll House, at 48 Upper Grosvenor Street along with a cottage and 48 Reeves Mews. One of the most spectacular residences of its kind in Mayfair—the property has been on the market for some time. The problem as far as selling goes was the short lease, then only 26 years to run. However the problem has been solved and the Grosvenor Estates are in a position to offer a 62-year lease instead: Tufnells anticipate offers in the region of £400,000.

The house is one of the earliest and most elegant Georgian houses in Grosvenor Square. Obviously a certain amount of modernisation is required to dispel what the agents describe as the "Upstairs Downstairs" ambience not tolerated in contemporary London! The architecture of the house and the rooms, as well as its position makes it the ideal buy to the right purchaser.

The accommodation consists of: square entrance hall, a 32 feet long drawing room with similar length panelled dining room, panelled library, two major bedroom suites, including bathrooms and dressing areas, three bedrooms, a dressing and a third bathroom.

On the first floor: the panelled library overlooking the front of the house has a marble fireplace with carved pine overmantel and built in bookshelves either side. The drawing room is without doubt the piece de resistance of the house, with its wide bay window and wrought iron ornamental balcony. The open fireplace has a painted Adam style mantel flanked by fluted pilasters—all this complimented by a beautiful cornice.

In a property review just published, West End agents Hampton and Sons give the following opinion of what is happening at the expensive end of the market in the Metropolis. In London, they say the bulk of the more expensive properties are being sold to purchasers from outside the U.K. The overseas demand has been primarily for new or modernised properties in the very centre of London, in particular around Hyde Park, Regent's Park and, to a lesser degree overlooking the River Thames. The price increases have been steady since the static period of 1974, with an upsurge over the last few months. The middle and high price range market has been active since the influx of Middle East purchasers and although the demand still exists from Iran and other Middle Eastern countries, a good percentage of medium to high price range properties are currently being sold to purchasers from all four corners of the world.

Taking as an example two new developments and an older mansion block in the Knightsbridge, Bayswater and Kensington areas, they have produced a graph to show the price increases since 1974. It can be seen that the 15-20 per cent. recent increase in values in the country appear to be higher and more like 20-25 per cent. in Central London.

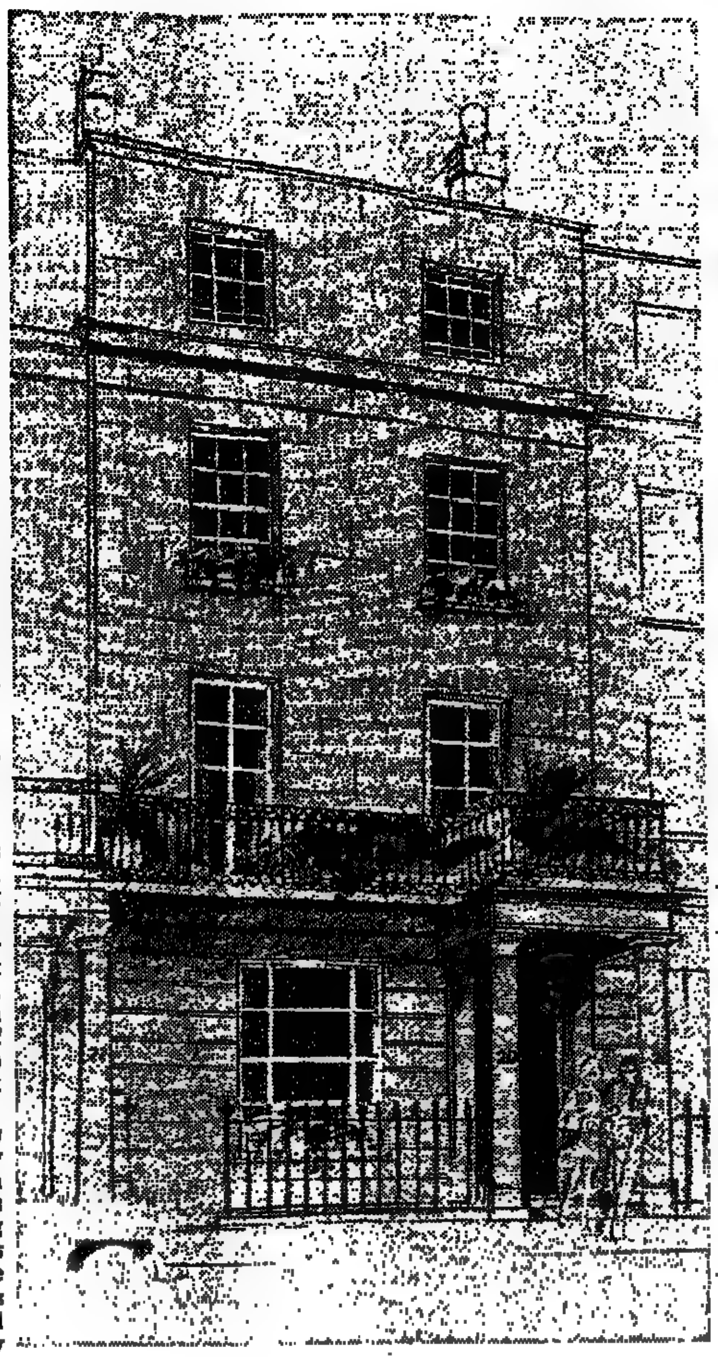
Many U.K. residents, living in Mayfair, Knightsbridge, and Belgravia, are currently moving farther out to areas such as Hampstead, Fulham, Holland Park, West Kensington, Battersea, Putney and Barnes. Not only has the demand for larger houses increased in these areas but also the demand for mortgageable terraced houses. It does however remain to be seen how the latest political pressure on the building societies will effect this end of the market.

As far as Central London is concerned, the international demand appears to be showing no signs of letting up, and although price rises will probably not continue increasing at the rate of the past six months, there should continue to be a steady rise until the values of residential properties equate to that of Paris and equivalent cities in Europe.

In the country and less central areas of London many potential vendors have been delaying putting their houses on the market in anticipating of a marked upsurge of prices in the spring; if anything, the reverse is likely to be true as the market may well be flooded by a sudden influx of property and those wanting to achieve a reasonably quick sale at a good price would do as well to preempt the rush, by putting their houses on the market now.

Hamptons are the agents for what has been a rather rare commodity on the market in the last few years, a newly-built block of luxury flats. While there have been plenty of exercises in refurbishment of old blocks developers have been very wary of taking on new stuff because of costs, lack of sites and an uncertain market.

The development is up in Highgate just off Highgate West Hill and is the last part of the West Hill Park estate. The rest of the estate was finished four years ago and sold very well, but when the bad times came the developer / builder Walter



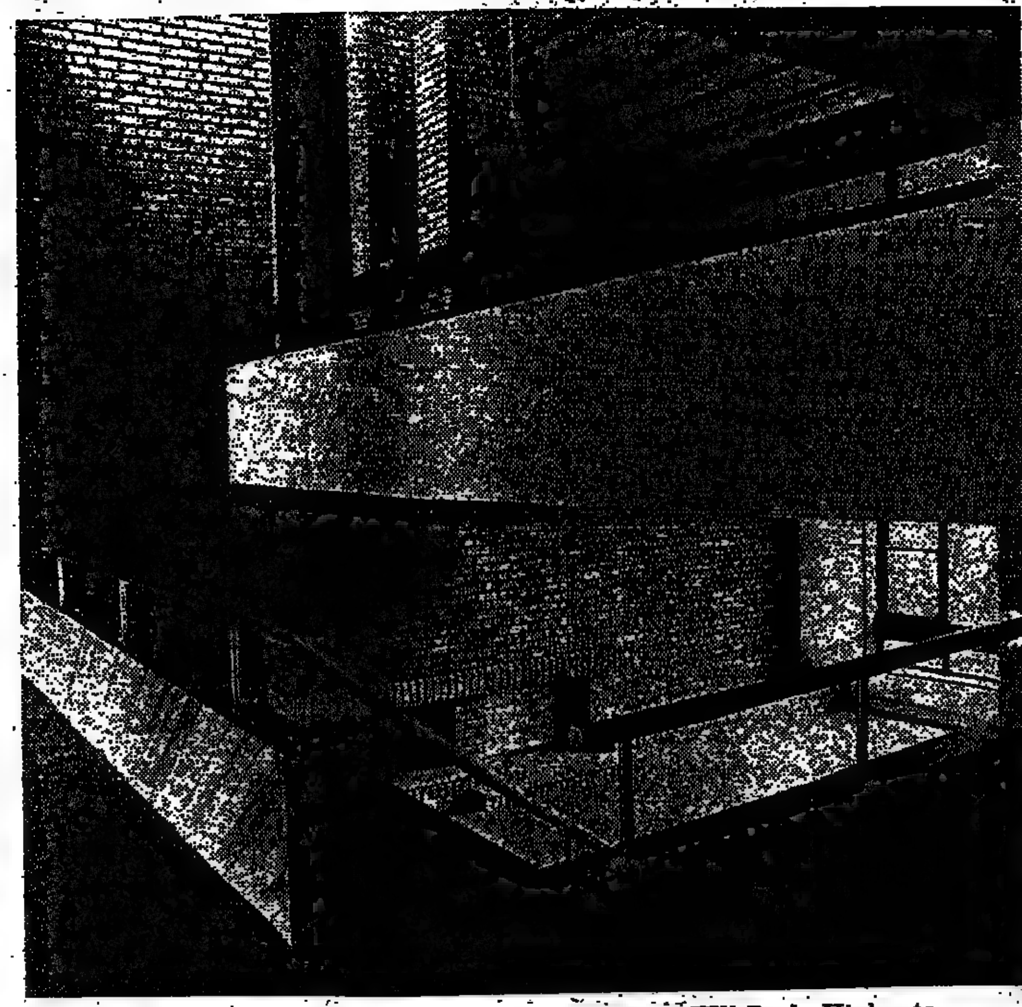
Lawrence Estates decided to hold their hand and only recently decided to complete the flats and two penthouses. The texture and style exactly match and complement the earlier construction.

The location could hardly be better. Built on high ground, they overlook the tree and shrub lined private drive leading from Highgate West Hill on one side and lawn and trees to the splendour of the Heath on the other. The two wings of Hill Court, linked by a central entrance and service core carry through the basic design and construction elements characteristic of West Hill Park. The entrance hall is served by both staircase and lift. The entrances to the apartments are each on separate levels, thus ensuring maximum privacy.

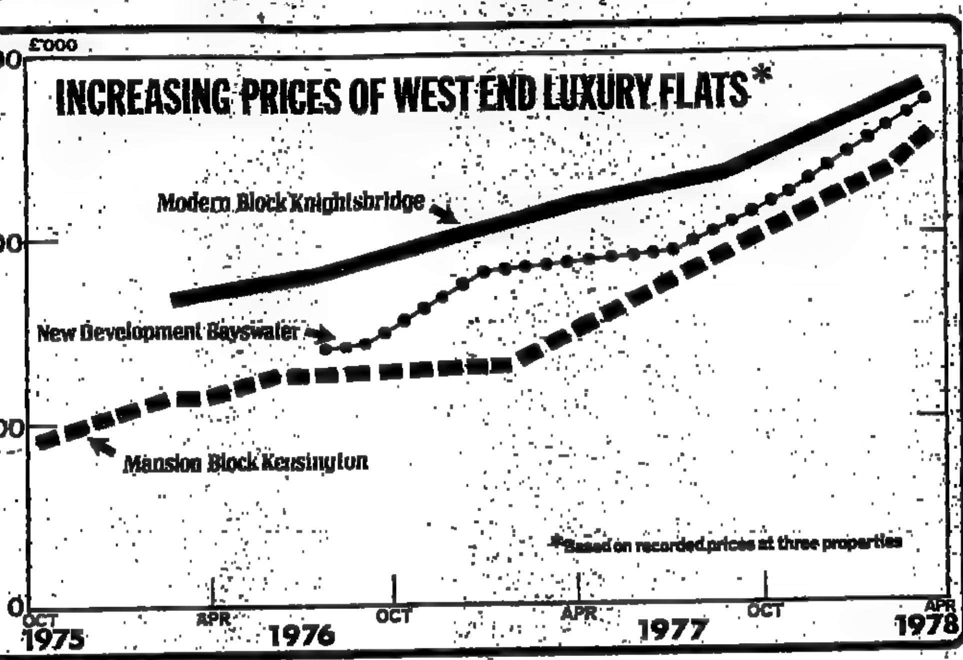
Each wing of Hill Court comprises three apartments and a spectacular penthouse. Each of the three apartments are quite distinct in design and layout. And all have a double aspect. As with other homes of West Hill Park, advantage has been taken of the rising ground to create houses on split levels. This concept is carried through to the ultimate in the two penthouses on the upper floors.

The sense of spaciousness in the central living area is something to be seen divided as it is over three levels; living area, dining area and a "bridge" connecting the two wings of bedroom accommodation. The flats are in equally elegant style though on a smaller scale.

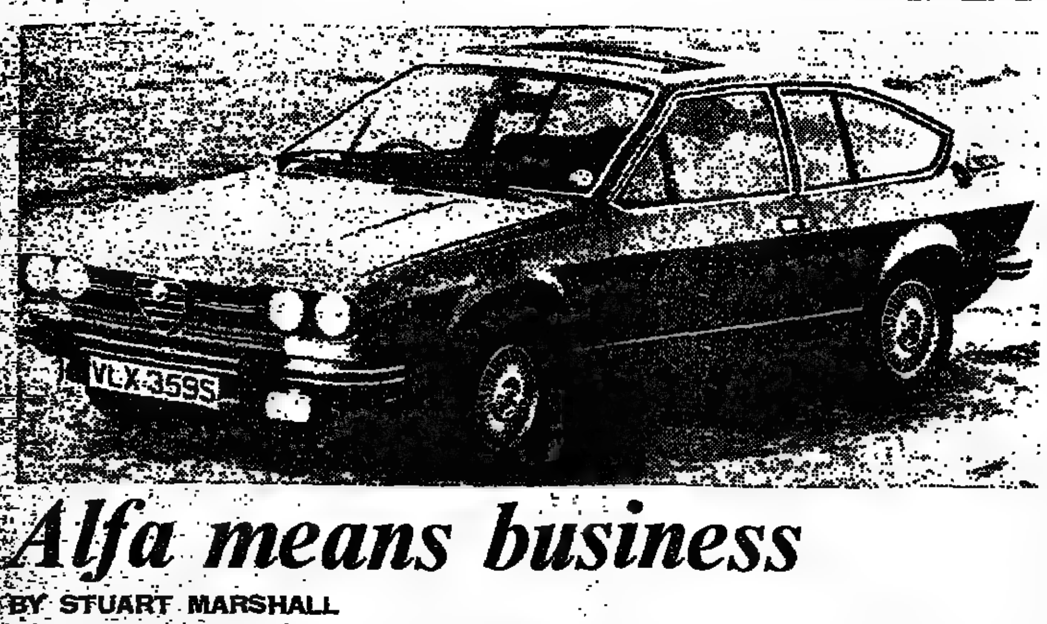
It is, however, a sign of the uncertainty faced by the developer when this kind of property comes on the market again that the units are being sold by tender. So it is anyone's guess what the final prices will be. Tenders for the penthouse should reach Chestertons, 26, Clifton Road, London W.9., by May 9. Tender date for the flats has not been fixed but it is thought it will be in the first two weeks of June.



Above: Internal landscape of the penthouses at West Hill Park, Highgate.
Left: The elegant exterior of No. 20, South Eaton Place, S.W.1.



MOTORING



Alfa means business

BY STUART MARSHALL

ALFA ROMEO is a name for enthusiasts to conjure with, although one doesn't normally associate it with executive motoring. But times change and the commercial facts of life today is that if a manufacturer wants to sell £4,500-plus motor cars in quantity, the company car market is the one to go for.

In this price band and above, an estimated 90 per cent. of sales are "on the firm." Hence Alfa Romeo's decision to aim the new Alfetta 2000 straight at the business user.

The Alfetta has a sophisticated mechanical specification. Its classic four-cylinder, twin overhead camshaft engine is conventionally mounted up front but the clutch, five-speed gearbox and final drive are in a single unit under the back seat. This gives close to 50/50 weight distribution. It helps to account for the well balanced handling which makes the Alfetta flatteringly easy to drive quickly and tidily on winding roads, wet or dry.

A De Dion rear axle is another reason for its disciplined behaviour. This expensive system was used on the old Rover 2000 and is still found on the Aston Martin. It keeps the rear wheels upright during hard cornering, maximising tyre grip, minimising wear and eliminating handling surprises under stress.

Clearly, Alfa Romeo have gone to considerable pains to make the Alfetta quiet running to suit its executive role. The engine still throbs through the carburetter air intakes at low revs and snarls satisfyingly at high speeds in traditional Alfa style. But tyre rumble and thump are exceptionally well suppressed. I would guess quite a lot of rubber has been used in the suspension attachments to keep road noise out of the interior because, without being flabby, the Alfetta felt curiously loose-jointed for the first hundred miles or so of my test.

For a reasonably roomy 4/5 seater with a big boot and only two litres of engine, it is fast and punchy. Alfa claim a top speed of 115 mph and the 0-60 mph acceleration time of 10.5 seconds is a little better than a Rover 2600's. The engine develops its maximum of 122 horsepower at 5,500 rpm. Using this as a sensible rev. limit (though the red line on the tachometer doesn't start until 5,700 rpm) the Alfetta will reach a little under 50 mph in second, over 70 mph in third and nearly 95 mph in fourth. Fifth gear gives nearly 21 mph per 1,000 rpm so at its 100 mph autobahn cruising rate, the car still feels mechanically relaxed.

Maximum torque (the point at which the engine pulls hardest) comes at 4,000 rpm, which suggests that town driving would demand a busy hand on the gear lever. Surprisingly, this isn't so, providing you don't try to show a clean pair of heels to other motorists every time a gap opens up ahead.

Driven with some care the Alfetta is far from uneconomical. On a round trip from my home in Kent to Berkshire by minor roads and motorway, I used 5.9 gallons of four star in 161 miles —a consumption of 27.3 m.p.g. Harder driving and frequent bursts of high speed in the gears raised consumption to about 22 m.p.g.

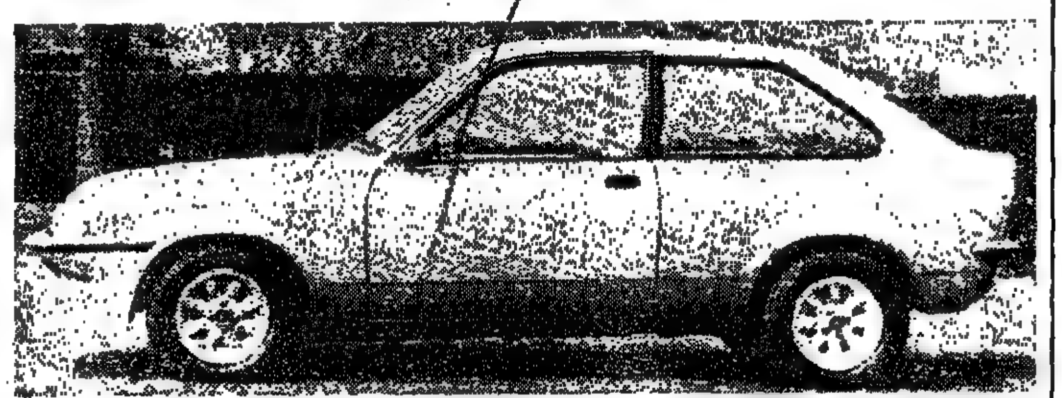
The seats of my bright red test car were trimmed in a combination of tweed and what used to be called regulation grey flannel. They were comfortable enough, but the driving position falls short of ideal unless you have arms like an ape and a 27 inch inside leg measurement. Even with the steering wheel adjusted up as far as it would go, the rim still rubbed on my trousers. The instrumentation is superficially attractive, but both speedometer and rev. counter are partly obscured by the wheel. There are five steerable vents for fresh air, including two that clear the side windows of mist, but no way that I could find of getting warm air at foot level and cool air for the face.

My biggest reservation about the car concerns its gear change, which would profoundly disappoint anyone who believed that all Alfa Romeos had five speed shifts that slipped from gear to gear like a knife through melting butter. The Alfetta baulks so hard in first and second that it is difficult to engage either gear when the gearbox oil is cold. When it is warm there is a distressing crunch every time you try to slip into first or reverse quickly.

Even so, I still found it an enjoyable car to drive—and the harder I worked it, the better it went.

The on-the-road price of £4,800, to which only tax and insurance has to be added, includes a 12-month unlimited mileage warranty and unusually generous aftersales service during the first two years. It looks very competitive. Is it, I wonder, too competitive, bearing in mind that an extra couple of hundred pounds are unlikely to stand between an Alfa Romeo and an executive who has set his heart on one? Extra features like centralised door locking, an interior adjustable door mirror and telescopically adjustable steering column, even if they put the price up to £5,000, would make the Alfetta an even better business motoring package.

Reluctant debutante



Vauxhall's reluctant debutant, a car which the Luton company committed itself to making some 18 months ago and which had since become the source of increasing rumour and speculation, is at last putting in an appearance at dealers' showrooms. At £5,100—with a range of options which can lift the price to a round £6,000—the 2300 HS is by far the most expensive of Vauxhall's Chevette hatchback "superminis," costing well over £2,000 more than even the most opulent of lesser Chevette stable-mates.

The model is based on a rally car which has scored a string of successes since it first appeared in late 1976. Vauxhall had to undertake to build 400 for sale before October of this year to make it eligible for an area of competition which in the past few years has become the arena for an increasingly fierce promotional battle among manufacturers.

But after the initial flare of publicity, the car disappeared from sight of would-be buyers, except for a specially-favoured few, and even the specialist motoring Press was denied access to it.

Speculation as to whether it was being built commercially at all reached a climax a fortnight ago, when a delegation from the Federation Internationale de l'Automobile, the governing body of motor sport, arrived at Luton — in response to reported complaints from a rival French manufacturer — to check that the 2.3 litre beast really was rolling off the production lines.

They found that the car was no myth, and an aggrieved Vauxhall insists that the company has been turning them out at a rate of 15 to 20 a week for some time. That they have not appeared in greater volume — it is 12 months since they were announced as a purchasable road car — is declared to be due to problems in manufacturing certain components — notably the car's complex, 16-valve cylinder head — in quantity.

However, the FIA delegation did confirm that both the clutch and cylinder head of the road cars differs from that of the competition versions, and the latter now will be modified to bring them in line with the road version.

But it now appears that Britain's most elusive executive express — in its all-options form it is said to be capable of over 130 m.p.h. — really is at last on the market.

The company believes that it has found an unexploited niche for a very high performance, but small hatchback, although a slightly less powerful variant is also being worked upon.

Vauxhall said this week it expects to reach the 400 target by October without problems and that, unlike the case of some other specialist cars in the past, production will not be shut down once the competition eligibility requirement has been met—"we shall go on producing them as long as there is a market for them."

JOHN GRIFFITHS

No glittering prizes in Europe

'Such is the cost of living on the Continent that the spectacular rise in golfing prize money of three years ago now seems pitifully inadequate . . . Quite plainly, the European Tournament Players' division needs a super salesman'

GOLF

BEN WRIGHT

Barcelona, Friday.

WITHOUT WISHING to appear condescending there is a garden party-like atmosphere about the European tour that lends it a certain charm. But the delightfully amateurish attitude to the whole slightly tedious business of running a Continental Open championship like the Spanish, which ends here at the El Pratt Club to-morrow evening, is going to have to change radically and rapidly if the circuit is to prosper.

In short there are too many players chasing too little money. Such is the cost of living on the Continent of Europe that the spectacular rise in prize money of three years ago now seems pitifully inadequate. The Spanish Open first showed the way six years ago when the prize kitty was jacked up £30,000 for a five year term at La Manga. But this kind of money now only allows the top 20 finishers to make a profit, and for those in the lower half of that list a very meagre one at that. Professionals are pulling out of the Madrid Open next week and the Italian Open the week after in Sardinia in some numbers because the prize money on offer is less than £20,000 and £30,000 respectively before tax, which in Italy ran out at 27 per cent. last year.

Unless he wins here to-morrow night Howard Clark, the Portuguese Open winner and half-way leader in the Spanish will certainly miss the Italian event because he maintains that only the leading eight finishers at the magnificent Pevero course on the Costa Smeralda can make money.

Let us get down to basics. If a player is to live even half-way decently, and no champion I have met so far has made it by sleeping rough and living on bread alone, his air fare, hotel and restaurant expenses will not cost less than £300 per week on the Continent. Add to this £50 in caddie fees, £50 for incidentals like cigarettes, beer, soft drinks and mineral water, up to £30 entry fee and £1 per £1,000 in prize money, and there will certainly never be much change out of £400 including gratuities.

My arithmetic is not a strong point, but at the rate of exchange I received here of Ptas.144 to the £1, Ptas.57,600 is the equivalent of £400. The winner of the Spanish Open will receive Ptas.900,000, out of which he will have to pay his caddie a bonus of at least 5 per cent. But interestingly the 20th place finisher will receive only Ptas.56,000. So by my very approximate calculations only 19 of the 137 starters will show a profit for the week.

I experimented by taking my car on the excellent Townsend Thoresen night ferry from Southampton to Le Havre, and driving here in one day on the auto route via Paris, Lyon and Narbonne. And what a shock I received. Road tolls alone cost me Frs.23 to Paris 50 more to Lyon and 48 more to Narbonne—over £15. Having filled up the petrol tank at Southampton docks I did not believe I would have to pay out Frs.438, about £50 for petrol, arriving here with half a tank full. If the expenses of the trip including a four berth cabin on the boat had been shared by four professionals I reckon it would have cost each of them, including food and drink roughly £50. This is cheaper than flying except as part of a package, but very hard on the eyes and the nervous system. The roads are magnificent, however. Only when coming out of Le Havre and the 34 miles just north of Perpignan was I not on dual carriageway — and the latter section of the auto route will open next month.

But what must be done likewise to upgrade the European tour? Quite plainly the European Tournament Players' division needs a super salesman to really promote the sport on a still largely unsuspecting Continent, as has Ray Volpe for the women professionals in the United States. The new jewel in their crown here Seve Ballesteros must really be exploited for what he is, the most exciting young player in the world.

I was particularly enamoured of his Press conference here yesterday after a second round of four under par 68 had brought him back into contention, tied for fifth place at 140, six shots behind leader Clark (67, 67—134). When describing a staggeringly brilliant one iron shot hooked through a tiny three foot gap in the umbrella pines 35 feet in front of him that then moved 20 yards left and 215 yards forward on to the 12th green as one of the best of his life Ballesteros was asked if he had ever thought of playing safe. "No," he replied with his ready smile and ever improving English, "I try to make eagle three—or seven!"

Three holes later, at the 547-yards 15th, Ballesteros smashed a driver from the moist fairway, the ball carrying 260 yards before bouncing obligingly on to the green — magic. Yet this darkly handsome young superstar, riddled by jet lag on his return from California in rather less than triumph, had only one hour of sleep on Wednesday night.

If only the almost white-blond Clark — a real prospect if ever I saw one — could win here, what a duel could be promoted between the two young lions in the offices of Continental businessmen as yet reluctant to see European professional golf for what it is, a sporting entertainment with a glittering future.

ARTS

Role players

A week's holiday caused me to miss the first programme in the new series *Key Figures* but I caught up with the second one last Sunday. The title may not be terribly appealing but the idea of spotlighting the neglected element in a famous partnership brims with possibilities for radio. This coming Sunday you can hear all about G. H. Lewes, the man behind George Eliot. He was incidentally an excellent dramatic critic. This week the subject was Friedrich Engels, his portrait was admirably sketched by Hallam Tennyson (Radio 4, April 16).

It was Cyril Connolly who first made the wisecrack "Where Engels Fears To Tread" (as the title to a spoof review); since then English intellectuals have tended either to ignore Engels or dismiss him as a humourless Teutonic bore. Bore he was not, as Mr. Tennyson proved to the hilt.

Engels was a connoisseur of wine; his favourite tipple was Chateau Margaux 1848. He also loved fox-hunting. "Did he discuss Hegelian dialectics with the MFH?" asked Mr. Tennyson. He nurtured pet hedgehogs. He fought in the Franco-Prussian war. He translated Humpty Dumpty into Latin. He loved children's games. He was a versatile Victorian with the endless reserves of energy characteristic of the type. Where he was atypical was in his acutely sensitive social conscience, his empathy with the victims of the system, and his extraordinary humility

RADIO

ANTHONY CURTIS

which prompted him from the moment he met Marx to decide that his own role in life was to play "second fiddle," as he put it, to this man.

He never wavered from the onerous consequences of this decision for the rest of Marx's life. They were the most extraordinary example of partnership, of one man of genius (Engels denied he was a genius, that was his strength) subordinating his life to another's.

The programme provided some vivid insights into the life of the immigrant Marx family in Soho and Kentish Town, a life that was a sorry catalogue of debt, evictions, visits to the pawnbroker; it might have come out of a novel by George Gissing.

The penury of the Marxes meant that from 1850 Engels had to take a job in his family's cotton business working as general manager in the Manchester office at a starting salary of £100 a year. The modern notion of a Marxist as someone who opts out of the system could not—as this programme showed—have been less true of Engels: he opted into it and suffered it until such time as he was free to retire and devote all his energies to Marxism: that was when the first volumes of *Capital* were ready for the press.

By then Engels had become deeply involved with the Marx family in his emotions. The story of the complicated relations between Marx, Engels, Eleanor "Tussy" (Marx's daughter), Edward Aveling, Marx's English translator, and Marx's illegitimate son Freddy by a

Wilfrid Pickles: career in radio

family housekeeper, with which Mr. Tennyson rounded off his portrait, drawing here on the biography of Eleanor Marx by Yvonne Kapp (who was the programme's adviser) contains in itself enough material for a marvellous full-length play. Only it would need Ibsen to write it.

I was not a fan of Engels before hearing the programme, but I ended it as one. Similarly, my interest was unexpectedly kindled by *Wilfred Pickles—Man of Radio* (Radio 4, April 16). I remember his wartime news bulletins when I was at school. "Here is the News. And this is Wilfred Pickles reading it . . ." That, we learnt on Sunday, was Brenden Bracken's idea, so that in the event of an invasion no fake newscaster would be able to reproduce the genuine Yorkshire brogue and fob us off with false information. But in his latterday incarnation as the jocular host of *Have A Go* I fear I rather lost touch with Wilf. The programme showed how astonishingly versatile he was; tracing his many-sided career, it became a chapter in the history of radio as a popular entertainment medium. On this the sound archive was plentiful; it was raided judiciously.

Josephine Barstow (centre) in a scene from "La Traviata"

ENO's 'La Traviata'

Rather good *Traviatas* are not so hard to find. Verdi and Piave made their opera so well that a producer faces no special problems with it—there is nothing to be papered over, no dramatic imbalance to be discreetly rectified. Though there is no end to the subtleties a Violetta may discover in her role (nor of musical challenge to be met), a sampling of them is enough to be going on with, for the broad lines of the part are guaranteed effective. It needs to be emphasised, then, that in Josephine Barstow the English National Opera at the Coliseum has a Violetta who is really *hors concours*—not just a faithful impersonation, but a creation so strong and complete as to make comparisons pointless.

Thursday's revival at the Coliseum had many other virtues. John Copley's production is expert and unfussy; the producer's hand never intrudes detectably. The second and third acts are played through without an interval: probably the best of various faintly awkward alternatives, but Flora's party flags with the mock-Spanish entertainment—brittle gaiety is not the ENO chorus's strong suit, though Ann Hood's mondaine hostess is a neat cameo. Elsewhere the dramatic tone is confidently fixed and held.

The shape of everything has Miss Barstow as its focal point, like iron filings around a magnet. She is not a conventional charmer, neither a broken blossom nor a knowing woman-of-the-world: her sharply individual persona — angular, nervy, vulnerable, acutely intelligent—gives her a far stronger claim to fascinate. Her voice is not conventionally pretty either, but the whole character is concentrated in it. It is a powerfully affecting instrument, and phrase upon phrase has the ring of pure dramatic truth; the musical finesse she displays is the more impressive for having to carry—with entire conviction—the fair-to-middling English text the ENO uses.

Her Alfredo is John Brecknock, etching his line with his usual ardent precision. His marvellously transparent diction is, I suspect, as much the result of treating his words absolutely seriously as of mere technique, and the performance would grow if patches of rapidly stilted English were weeded from his

OPERA

DAVID MURRAY

part: he is not a man who can hymn "Love universal, love never-ending!" in good conscience. An opera-translation must render dramatic import exactly, but there is no need to insist on the literal sense (or lack of it) of every line, and judicious liberties would be welcome here. If Brecknock's Alfredo is something less than volatile, he has an engaging, shy warmth, and many full-blooded lyrical passages carry admirably.

For the first time, Brecknock and Miss Barstow have Norman Bailey's Germont *pere* to match them. He radiates solid, clear-eyed decency, and raises the role above the Heavy Father stereotype with a quick canniness that enlivens each of his scenes. In the meeting with Violetta, his rapid change of gear as he realises that this is an unexpectedly formidable mistress is excellent; so is his evident taken-abackness later when she insists on embracing him. He does not wallow in his first aria, but treats it firmly as persuasive narrative, and then reaps the rewards of the restraint with a nobly expansive "Di Provenza . . ." In fact the whole opera seems for once to be about grownups, and is proportionately moving. The general distinction of the vocal style is echoed in Mark Elder's conducting: a few smudges—a plonking accompaniment to the big tune in the Prelude, an occasional stolidity in what should be a febrile pulse—do not compromise the tender intensity of his reading.

Comings and goings

Mike Stott's new play, which deals with wholesale infidelity among three-and-a-half couples in a Northern city, has an old fashioned moral in an art nouveau guise, that it's best to stick to your current partner if you can; and he gives us a happy ending to prove it.

The flat where all these half-hearted betrayals go on belongs to Jimmy, a professor of Icelandic literature who has a habit of holding conversations with himself that would be tedious if Philip Donaghy didn't contrive to keep them so lively. Jimmy has left his wife and child to live with Vernon, a systems analyst; both admit to occasional unfaithfulness but live together tolerable well. In the flat above are two semi-lesbian gerontologists, Hilary and Jackie; and into the household come Jan, in flight from her husband John after discovering an affair with his secretary, and solidly-married Malcolm, an expert in industrial espionage who is checking on Vernon.

It is significant that Mr. Stott has given all his characters responsible jobs, for their behaviour is mostly irresponsible and yet we must conclude that no harm is done except to the feelings.

The author follows the various infidelities in ingenious counterpoint. Vernon dallies with Jackie, Malcolm with Hilary, Jackie with Jimmy, while John earnestly seeks a peace with Jan. Hilary's is the only successful dalliance physically at any rate, though it leaves Malcolm con-

THEATRE

B. A. YOUNG

vulsed with remorse and longing to get back to his wife, children and pets. Vernon's turns out to be a false alarm and Jackie's never gets off the ground.

Like its moral, the play wears two faces; while pretending to be frivolous it is really serious. It begins too slowly; for 25 minutes we are involved in retospect with no object but character-building, and the importance of Vernon, nicely played by George Costigan, under-emphasised. Once it ge[ts] going, the writing crackles wi[th] fun and smoulders with wisdo[m]. Mr. Stott has a particular tale[nt] for presenting two contrasti[ng] moods at once—Malcolm discu[s]sing boring family matters [on] the telephone at one side, f[or] example, while Jan tearful[ly] admits her pregnancy for t[he] first time at the other. He c[an] combine the comic and t[he] pathetic in original ways. Wh[en] Vernon comes home from sorti[ng] out Sheffield's transport syste[m] to find that Jimmy is on the poi[nt] of turning him out, he works [a] reconciliation by removing [his] clothes, bit by bit until he [is] stark naked, as improbable [a] sight as the model in Mane[t's] *Dejeûner sur l'herbe*.

Alan Dossor directs the co[m]plexities of the action with mu[ch] skill, and the playing is fir[st] rate. Billy Meall's design, setti[ng] the play firmly in Breezeblo[ck] Park, has four doors, a windo[w] and a bookcase all together [on] the back wall, improbable architecture no doubt but a us[e]fully practical way of compres[s]ing the room into the Ever[y]man's open stage.

A Tale of Three Cities

Every so often television indulges in a bout of navel gazing, examining the content and production methods of its own programmes. *Late Night Line Up* did it periodically, Granada's *Open Night* invited the public to do it, *Real Time* and *In Vision* did it regularly on BBC 2 with the present writer in the chair, *The Editors* occasionally covers broadcasting, and next month London Weekend have a go with *Look Here*, offering a chance once a month to everyone "from the Hackney housewife to the Fleet Street critic" to comment on ITV programmes.

Last Monday Alan Yentob's *Arena* pitched in on BBC 2 with a broad but shallow study of the arguments surrounding drama/documentary, in a programme which notably lacked the critical bite we have come to expect from *Arena: Cinema*, *Arena: Theatre* and so on. A pacific pilot, perhaps.

The trouble with all programmes of this sort made in-

TELEVISION

CHRIS DUNKLEY

side either ITV or BBC is that colleagues naturally expect plaudits. Deliver brickbats and your sources (of clips and people) tend to evaporate.

A different way altogether for television to look at television—and with a different object, but with lots of potential—has emerged from four recent BBC 2 programmes: *A Tale of Three Cities* (Berlin, Jerusalem, and last night Montreal) produced by Maryse Addison, John Williams and Frank Smith; and *India* which was produced by Anthony Isaacs and Simon Normanton, and written and narrated by the busier than ever James Cameron.

India used clips from BBC and Indian films made since 1948 to create a collage impression not simply of what India is (at lea[st] in part, presumably) really lik[e] but of what the British and t[he] Indians thought it was like [at] different times. The lack [of] dates on the clips was [in]furiating, but their evocati[ve] strength was astonishing. Pa[ra]doxically, this post-1948 materi[al] conveyed a powerful idea of ho[w] it must have felt to be a Brit[on] in the age of Empire.

The three cities films we[re] even more valuable. Where pr[e]vious programmes, including [a] series by Frank Gillard, ha[ve] looked at television in differe[nt] countries, these three pr[o]grammes told the stories of t[he] three cities and their inhabitan[ts] by observing and analysing t[he] content and organisation of the television services. It soun[ds] like a tediously contrived hybri[d] yet it worked staggeringly well.

Yesterday's Montreal was, pe[r]haps, the best of the three, co[n]veying—to me, anyway—a mu[ch] more vivid idea of the emotio[ns] involved in the Canadian separ[a]tist movement than all previo[us] reading, listening and viewi[ng] put together. The series ben[e]fited from three outstandi[ng] reporters: Charles Wheeler [in] Berlin, Richard Kershaw [in] Jerusalem, and Robert MacNe[il] in Montreal. Yet every time [it] was the television excerpts ther[m]selves which were most telling.

The idea should not be push[ed] too far too fast, yet these thr[ee] were so successful that it mu[st] surely be extended.

Theatres this week and next . . .

WAREHOUSE—*'Tis Pity She's a Whore*. Moderate production of Ford's melodrama with some intrusive religion. Reviewed Tuesday/Wednesday.

GREENWICH—*Arms and the Man*. Felicity Kendal's Raina is the brightest spot. Reviewed Tuesday/Wednesday.

COTTESLOE—*Don Juan Returns from the War*. Horvath brings the Don into 1918 Bavaria, with fine performance by Daniel Massey. Reviewed Wednesday/Thursday.

NEW VIC, Bristol—*Titus Andronicus*. Bright production of Shakespeare's blood-boltered drama. Reviewed Thursday.

MERMAID—*St. Mark's Gospel*. Alec McCowen's splendid recital of the King James text. Reviewed Thursday/Friday. Finishes to-day.

BUSH—*On the Out*. Overdramatised slice of East End low-life. Reviewed Thursday/Friday.

ALBANY, Deptford — *Restless Natives*. Local politics in enjoyable cabaret, for local audiences only. Reviewed Friday.

Monday, Prospect's *Twelfth Night* at the Old Vic. Tuesday, the National's *Brand* (Ibsen), four hours long from 6.30 p.m. Wednesday, *Sisters* by Tom McGrath at Stratford, E.15 and new Sandy Wilson, *The Clapham Wonder*, at the Marlowe, Canterbury. Thursday, Tennessee Williams's *Period of Adjustment* at the King's Head and *The Recruiting Officer* at Cambridge. And Friday, *Oh Well* in the Oxford Festival (which goes on all week, and next); and *Opening Time* at lunchtime at the Orange Tree, Richmond.

TV/Radio

BBC 1

† Indicates programme in black and white.

8.55 a.m. *Playboard*. 9.10 The Oddball Couple. 9.35 The Record Breakers. 10.00 Arlott and Trueman on Cricket. 10.25 "Morgan The Pirate," starring Steve Reeves. †11.55 Charlie Chaplin in "Easy Street." 12.28 p.m. Weather.

12.30 Grandstand: *Football Focus* (12.35); Swimming (1.00, 2.05, 3.05) Champion Pools International: GB v. Holland v. Italy: Racing from Leicester (1.25, 1.55, 2.25, 2.55); World Snooker (1.35, 2.35, 3.05) Embassy World Professional Snooker Championship; Rugby League (3.50) St. Helens v. Hull Kingston Rovers: 4.40 Final Score.

5.15 The Mickey Mouse Club.
5.35 News.
5.45 *Sport/Regional News*.
5.50 Fish.
6.15 Rolf on Saturday—OK?
6.45 Saturday Night at the Movies: "The Jayhawkers," starring Jeff Chandler.
8.20 News.
8.30 Eurovision Song Contest from Paris.
10.45 Match of the Day.

All Regions as BBC-1 except at *the following times:—*

Wales—9.35-10.00 a.m. Teliffant. 11.45 p.m. News and Weather for Wales.

Scotland—4.55-5.15 p.m. Scoreboard. 5.45-5.50 Scoreboard. 10.45 Sportscene. 11.15 Falkirk Folk from Falkirk Town Hall. 11.45 News and Weather from Scotland.

Northern Ireland—5.05-5.15 p.m. Scoreboard. 5.43-5.50 Northern *Ireland News*. 11.45 *News* and Weather for Northern Ireland.

BBC 2

7.40 a.m.-1.55 p.m. Open University.
3.00 p.m. Saturday Cinema: "The Badlanders," starring Alan Ladd and *Ernest* Borgnine.
6.00 Planets.
7.00 *Open Door*.
7.30 News and Sport.
7.50 Don't Quote Me.
8.20 *Network*.
8.50 African Sanctus.
9.40 Second City Firsts.
10.10 Snooker: Embassy World Professional Championship.
11.00 M A S H.
11.25 News on 2.
†11.30 Midnight Movies: "Saints and Sinners," starring Kieron Moore and Christine Norden.

LONDON

8.45 a.m. Sesame Street. 9.45 *Half Our Show*. 10.15 The Monkees. 10.45 Our Show. 11.30 Spencer's Pilots.
12.30 p.m. *World* of Sport: 12.35 On The Ball. 1.00 International Sports Special (1) *Professional* Cycling: The Paris-Roubaix and The Fleche Walonne: 1.15 News from ITN; 1.20 The ITV Six—1.30, 2.00 and 2.30 from Thirsk and 1.45, 2.15 and 2.55 *from* Sandown; 3.10 International Sports Special (2) The LBC Radio TT Formula One Race from Brands Hatch; 3.50 Half-time Soccer Round-up; 4.00 Wrestling; 4.50 Results Service.
5.05 News from ITN.
5.15 Celebrity Squares.
6.00 Logan's Run.
7.00 Sale of the Century.
7.30 "Kelly's Heroe's," starring *Clint Eastwood and Telly* Savalas.
10.00 News.
10.15 The South Bank Show.
11.15 Executive Suite.
12.15 a.m. Stars on Ice with Alex Trebek.
12.45 Close—Robert Rietti reads a prayer especially for the Passover.

All IBA Regions as London except at the following times:—

ANGLIA

9.18 a.m. *Undersea World of Captain Nemo*. 9.30 Tiswas. 10.20 Funky Phantom. 10.45 Tiswas. 11.25 Valley of the Dinosaurs. 11.55 Tiswas. 6.00 p.m. Man From Atlantis. 11.15 Within These Walls. 12.00 At the End of the Day.

ATV

9.05 a.m. Mum's the Word. 9.30 Tiswas including Dynomutt the Dog Wonder, plus the Lone Ranger. 5.15 p.m. The Six Million Dollar Man. 6.15 Celebrity Squares. 7.00 Oh, no! it's Selwyn Froggitt. 11.15 Rich Man, Poor Man.

BORDER

9.05 a.m. Build Your Own Boat. 9.30 Tiswas including Fantastic Voyage and The Beachcombers. 5.15 p.m. Logan's Run. 6.15 Celebrity Squares. 11.15 The Outsiders.

CHANNEL

12.18 p.m. Puffin's Pla(i)ce. 5.15 Logan's Run. 6.15 Celebrity Squares. 11.15 The *Mystery Thriller*: "Terror on a Train."

GRAMPIAN

9.00 a.m. Scene on Saturday, including Birthday Greetings and The Woody Woodpecker Show. 9.25 Skippy. 9.50 Spiderman. 10.15 The Clue Club. 10.45 Island of Adventure. 11.30 Space 1999. 5.15 p.m. Logan's Run followed by area weather forecast, Highland League and shinty results. 11.15 Within These Walls. 12.15 a.m. Reflections.

GRANADA

9.30 a.m. Tiswas including 10.20 Dynomutt, The Dog Wonder. 10.47 Tiswas (continued). 11.25 Elephant Boy. 11.55 *Tiswas* (continued). 5.15 p.m. Logan's Run. 6.15 Celebrity Squares. 11.15 Stars on Ice. 11.45 House of Horrors: Christopher Lee in "Taste the Blood of Dracula."

HTV

9.05 a.m. Build Your Own Boat. 9.30 Tiswas. 10.15 Batman. 10.45 Tiswas (continued). 11.25 Westway. 11.55 Tiswas (continued). 11.15 p.m. Within These Walls.

HTV Cymru/Wales—as HTV general service except—5.15 p.m. Canolfan. 5.45-6.00 Cartoontime.

SCOTTISH

9.00 a.m. Build Your Own Boat. 9.30 Tiswas (including Batman and Adventures in Rainbow Country). 5.15 p.m. Logan's Run. 6.15 Celebrity Squares. 11.15 Late Call. 11.20 The Sweeney.

SOUTHERN

9.35 a.m. Weekend followed by Regional weather forecast. 9.45 Sesame Street. 9.45 Our Show including 10.15 *Happy Days*. 12.30 *Weekend* followed by regional weather forecast and 11.48 Code R. 6.00 p.m. Six Million Dollar Man. 11.15 Within These Walls. 12.15 a.m. Southern News.

TYNE TEES

9.05 a.m. Solo One. †9.35 Action Adventure Film: "The Prisoner of Zenda," starring Ronald Colman. 11.30 *Run, Joe, Run*. 12.00 I Am The Greatest—The Adventures of Muhammad Ali. 5.15 p.m. Logan's Run. 6.15 Celebrity Squares. 11.15 The Protectors. 11.45 Epilogue.

ULSTER

10.00 a.m. Saturday Morning Movie: "Treasure of the Golden Condor," starring Cornel Wilde and Anne Bancroft. 11.30 Sesame Street. 5.00 p.m. Sports Results. 5.15 Logan's Run. 6.15 Celebrity Squares. 11.15 Police Woman.

WESTWARD

9.00 a.m. The Lost Islands. 9.25 The Beatles. 9.50 Children's Feature Film: "Thunderbirds Are Go" (puppets). 11.30 Gus Honeybun's Birthdays. 11.35 Island of Adventure. 5.15 p.m. Logan's Run. 6.15 *Celebrity Squares*. †11.15 The Mystery Thriller: "The Cabot Connection." 12.10 a.m. Faith For Life.

YORKSHIRE

9.00 a.m. You Can Make It. 9.25 The Adventures of Muhammad Ali. 9.50 Saturday Scene Action Adventure: "The Thief of Baghdad," starring Steve Reeves. 11.25 Cartoon Time. 11.30 Funky *Phantom*. 12.00 *Run, Joe, Run*. 5.15 p.m. Logan's Run. 6.15 Celebrity Squares. 11.15 The Outsiders.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 8.06 Ed Stewart with Junior Choice (S). 10.00 Adrian Juste—Who? 12.00 Paul Gambaccini. 1.31 Rock On (S). 2.30 Alan Freeman (S). 5.31 Alexis Korner's Blues and Soul Show (S). 6.30 In Concert (S). 7.30-2.02 a.m. As Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Tom Edwards with The Early Show (S), including 8.03 Racing Bulletin. 8.06 As Radio 1. 10.02 Tony Brandon (S). 12.02 p.m. Two's Best (S). 1.02 Punch Line. 1.30-5.55 Sport on 2: Football League Special (1.30, 2.00, 2.30, 3.00, 3.45); Cup Tie Cricket (1.30, 2.30, 3.00, 4.30, 5.30) Benson and Hedges Cup—Kent v. Yorkshire and Leicester v. Sussex: reports; Racing From Sandown (1.30, 2.10, 2.50); with a classified check at 4.50; Swimming (1.30, 2.00, 3.00, 4.50, 5.30) plus news of the Sealink International Amateur Five-day Cycling Race); 5.00 Sports Report: classified football checks at 5.00 and 5.45; rugby round-up 5.25; motor sport 5.30. 6.03 Pop Over Europe. 7.02 Windsor Davies presents. 7.30 Sports Desk. 7.33 Radio 2 Top Tunes (S). 8.15 Robert Docker at the piano (S). 8.30 Eurovision Song Contest from Paris (S). 10.45 Peter Wheeler with the Late Show (S), including 11.02 Sports Desk and 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

†7.55 a.m. Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release of music by Rubbra (S). 11.00 The English Concert (S). 12.02 p.m. James Galways presents music on records (S). 2.55 News. 3.00 Paintings in Close-up. Mozart and Berg chamber music concert (S). 2.25 *Man of Action*: Miron Grindea chooses records (S). 3.35 Music of The Masters by Rossini, Mozart (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.25 Berne String Quartet (S). 7.05 Ralph Richardson selects, reads and talks about Blake's poetry. 7.30 Concert from Leeds part 1: Wagner, Strauss (S). 8.25 The Human Face of History (talk by Philip Hook). 8.20 Concert part 2: Mahler (S). 9.35 Reconsidering John Stuart Mill. 10.30 Sounds Interesting (S). 11.25 News. 11.30-11.35 Tonight's Schubert Song.

Radio 3 VHF only—6.00-8.00 a.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.30 a.m. News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather, programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.[55] Weather, programme news. 8.00 News. 8.10 Sport on 4. 8.40 Yesterday in Parliament. 8.55 Party Political Broadcast by the Conservative Party. 9.[00] News. 9.05 International Assignment. 9.[30] The Week in Westminster. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of The Week. 11.20 Time For Verse. 11.[30] Science Now. 12.00 News. 12.02 p.m. James Galway (S) (as Radio 3). 12.[55] Weather, programme news. 1.00 News. 1.15 *Any Questions?* 2.00 War and Peace. 3.00 News. 3.05 Does He Take Sugar? 3.35 Music of The Masters. 5.[00] Kaleidoscope Encore. 5.30 Week Ending . . . 5.55 Weather, programme news. 6.00 News. 6.15 Desert Island Discs. 6.50 Stop The Week with Robert Robinson. 7.30 *These You Have Loved* (S). 8.30 Saturday Night Theatre (S). 9.[58] Weather. 10.00 News. 10.15 On The Town. 11.00 Lighten Our Darkness. 11.15 News.

CHESS SOLUTIONS

Solution to Position No. 212

The game ended 1 . . . P-B5 ch! 2 KxKP (if 2 KxBP, N-K7 ch. Best is 2 K-B2, P-K6 ch; but Black's protected passed pawn then wins quickly), N-K7! 3 Resigns. If the attacked rook moves, R-Q5 mate.

Solution to Problem No. 212

1 B-K4! and each of the seven possible bishop captures results in a different mate.

Weekend Choice

SATURDAY. The main aim must be to avoid The Eurovision Song Contest on BBC1. Luckily BBC2 is repeating a magnificent programme called African Sanctus made by a loopy musical genius named *David Fanshawe*. See it; it's inspiring.

SUNDAY. Tight planning and quick channel switching are needed. First BBC2 at 7.15 for Robin Pellew's study of giraffes in The World About Us; over to BBC1 at 8.05 for "Play Of The Month," Danton's Death, a huge drama about the French revolution which could become something amazing on TV; unfortunately it overlaps by 10 minutes with ITV's David Mercer play The Ragazza which since it stars Francesca Annis and Peter Barkworth should not be missed; at the end switch channels fast and (thanks to the ads) you should be back on BBC1 in time for the start of a Barry Norman lollipop—a roundup of science fiction movies in Film 78; and lo and behold at 10.55 you will be on the right channel for one of the best but least noticed series on television, The British Connection? which deals this week with the Irish community in London's Holloway Road.—C.D.

Norman Rodway in Danton's Death Sunday BBC 1 8.05

Time to start dahlias

IF YOU grew dahlias last year and in the autumn stored the tubers safely in a cupboard or other dry, frostproof place, now is the time to get them out and start them into growth again. It is also the time to visit a garden centre and buy what are known as pot tubers or to order rooted cuttings from a specialist dahlia nursery though these may not arrive for a few weeks, possibly not before early June.

All dahlias are tender and likely to be injured by even a few degrees of frost so it is not yet safe to put any growing plants outdoors. However dormant tubers can be planted in most parts of the country early in May if they are covered with 5 cms. of soil as this will protect them from the short duration, radiation frosts which are a common feature of May weather in the colder parts of Britain. By the time shoots push through the soil it will be late May or early June and there should be little further risk.

If the old, home grown plants are large, with maybe five or more tubers each it will be wise to split them before planting.

Two to three tubers will give a sufficiently large plant for most purposes and more can be self defeating since the plants will be too big to do themselves full justice.

Splitting old dahlia roots can be a tricky business. Each division must have at least one tuber and also one or more of the old stem bases left when the plants were cut down in the autumn. This is because the growth buds of dahlias are not on the tubers themselves as they are in potatoes, but are clustered around the base of each old stem close to where it joins the tuber.

So if a tuber is broken off without any stem it is unlikely to grow and is not worth planting. Sometimes it is possible to split up plants with the fingers alone, and this is what I prefer to do as one can then feel carefully where the natural breaking point is, but big roots are often too tough for this and a knife must be used. It needs care, and a little understanding of the way in which a dahlia plant is formed to cut with the least possible damage and loss.

It is easier if one has a greenhouse or other light, frost proof place in which the dahlias can be started into growth before they are divided. All one requires are some boxes or large pots and moist peat.

The dahlias are covered with peat and, if kept moist in a temperature of around 16 to 18 degrees C, they will be producing shoots in a week or so. Then one can see just where the new growth is and where the roots must be split if each piece is to have tubers and shoots.

Splitting average size plants will give a two or three fold increase. If you need much more, perhaps because a variety is new and scarce, it will be necessary to take cuttings, which root readily in peat and sand in pots slipped into polythene bags and kept in a temperature of 16 to 18 degrees C. Ideally for this purpose the tuber should have been started a month ago so that shoots 6 or 7 cm. long, suitable for use as cuttings, are already available. However if it was not done then it can still be done now, the only difference being that

GARDENING

ARTHUR HELLYER

the young plants will be late coming into flower or may even not flower at all this year.

The small "pot tubers" offered in garden centres now were produced last year from just such late cuttings, probably not rooted until June so that they had no chance to flower in 1977 but made small tubers which are all ready to grow and make good flowering plants in 1978.

Pot tubers can be kept dry throughout the winter and well into the spring and this is very convenient for shop trade, much more convenient than trying to handle rooted cuttings which need almost daily watering and are easily damaged by frost, rain, wind or just plain careless handling.

If you buy pot tubers now they can be planted outdoors like the larger, home grown tubers but it is safer to start them in pots under cover. Each will need a 75mm pot and will grow in any soil or peat-based seed or potting compost. A homemade mixture of equal parts garden soil, peat and coarse sand, with just a light peppering of fertiliser, will do well, or one can buy one of the ready-to-use commercial mixtures. A sunny window ledge will serve as a "greenhouse" provided a temperature of around 16 degs. C. can be maintained.

By the first week in June it should be safe to tap the plants out of their pots and plant them outdoors where they are to flower.

The selection available as pot tubers is limited to the most popular varieties. If you want something special or new it will probably be necessary to buy rooted cuttings from a dahlia nursery.

Delivery is usually from late April onwards, the first despatches for those customers who have greenhouses in which to grow on the little plants, early May delivery for those who only have unheated frames and late May or early June delivery for immediate planting outdoors. Naturally the later one leaves planting the less growth will be made the first year and the later the plants will be coming into flower. If you really become a dahlia enthusiast you are likely also to become the owner of a greenhouse, but it is not essential to success.

Dahlias are so much planted in public parks as spectacular bedding plants that it is all too easy to forget their many other uses, not least as plants to associate with herbaceous perennials and shrubs. I often wonder how those gardeners who despise dahlias as vulgar, overdressed flowers manage to keep their gardens gay as summer wears to a close. That is when dahlias come into their own and from late July until the first sharp frosts of autumn they can make a marvellous contribution to the garden.

For mixed planting it is the smaller flowered, more informal types that I like best.

Semi-cactus dahlias with quilled petals such as Brandaris, Brig O'Doon, Cheerio, Hamari Bride, Klankstad Kerkrade and Pontiac or flat-petalled decorative dahlias such as Dedham, Flutterby, Gerrie Hoek, Glorie van Heemstede, Hamari Fiesta, Jescot Julie, Polly Peachum and Vicky Crutchfield.

I also like the old-fashioned collarette flowers with a single row of wide petals bearing an inner circle of short petals, usually in a contrasting colour. All these are also excellent types for use as cut flowers.

When is an old master?

DAVID DANIELS of New York City is an actor and singer, and also an exemplary collector. Over the past quarter of a century he has formed an exceptionally choice collection of Old Master drawings. He acknowledges the help and advice he has received from scholars and dealers; but finally he has relied on his own eye and taste and instinct, and they appear not often to have let him down. Sothebys, which will sell eighty works from his collection on Tuesday, say it is "possibly one of the most outstanding American collections of its type ever to be sold in Britain, and consists of extremely fine French, Italian, Dutch, Flemish and German drawings, many of which have been on loan to museum exhibitions throughout the US."

COLLECTING

JANET MARSH

Daniels is at present in London to bid his farewells, though he appears not so much to be relinquishing a treasure as proudly seeing off beloved children as they go off to seek new fortunes in a wider world. His practical reason for selling this part of the collection is that collectors and collecting cannot remain static: now he wants to move on, and concentrate his resources on collecting nineteenth century drawings, which were in a sense his first love, since his earliest purchase as a student at opera school was a Degas, which he still owns.

I have to confess that before seeing the Daniels collection, which is at present on view in Bond Street, I had never given a great deal of thought to Old Master drawings, at least as a collecting subject. For that matter I was not very certain what the definition of "Old Master" should be, and it does appear that the perimeters are elusive and inclined to change. The definition seems rather a question of style than of chronology: until quite recently many nineteenth century artists, from Fuseli to Leighton, tended to be included. More recently however, 19th-century drawings have become a distinct field of their own, with a clear watershed at the close of the 18th century. Domenico Tiepolo, an undoubted Old Master, therefore, looks something of a chronological freak, surviving as he did to work in the first years of the nineteenth century.

The earlier limit is at least somewhat easier to specify, the origin of Western drawing coincided with the growing use of paper early in the 15th century—though until the rather belated recognition that rag paper was as durable as parchment, many artists used parchment at least for less ephemeral designs.

Over the next four centuries, the variety of media that qualify for the definition "drawing," so long as they are executed on paper or parchment, is bewildering; pens of quill or reed used with inks of varied content and hue; natural chalks, charcoals or compounded pastels; pencils which might be points of silver or gold, brass or bronze used on specially prepared surfaces, or lead and graphite which would mark the virgin paper; water colour, washes or gouache. Even experts often find it hard to agree upon the exact medium used for any particular drawing; and Mr. Stock, of Sothebys, who catalogued the Daniels sale, refuses to be adamant, and mistrusts authorities who are.

The special attraction of Old Master drawings is that they were to a great extent working documents—sketches for more permanent designs, studies for details, scale plans for large-scale compositions, visual memoranda, preliminary work for the print maker. Only in the 18th century were landscape and portrait drawings first executed for their own sake and to be marketed to clients.

In this way drawings can often reveal quite new aspects of an artist. Mr. Daniels instances the lovely Boucher "Apollo" which is one of the prizes of his collection, pointing out that the figure is much more vigorous and masculine than in its final form in the design for a tapestry "The Rising of the Sun" now in the Wallace Collection (it once belonged to La Pompadour).

Although they were to this extent working drawings, from an early period drawings were collected by connoisseurs and by other artists, at a time when copying was the basic method of art study. Since they were preserved in far better state than the works which grew out of them.

Prices for first-rank Old Masters have now moved out of the range of modest collectors; but it is still a field with great scope for the scholarly and discerning. A singular aspect of Old Master collecting is the elaborate detective work of attribution. Many of the drawings in the Daniel collection have undergone various reidentifications, which can very substantially alter market values.

An area long haunted by the copyist and the forger, it is wise to get in deep only if you are prepared to train your eye, retain your modesty and buy because you like the thing for its own sake, as Mr. Daniels seems to have done, with conspicuous success.

CHESS

LEONARD BARDEN

LAST MONTH'S "super tournament" at Bugojno, Yugoslavia, was an emphatic success for the Soviet Union after the setbacks for the USSR players in Hastings and Reykjavik.

Spassky, who led throughout, and Karpov, who finished strongly after a poor start, tied for first prize with ten out of 15. Timman (Holland), the only player to beat Karpov, was third with nine, while another Soviet ex-world champion, Tal, shared fourth prize with Ljubojevic (Yugoslavia) on 8½.

The other totals were Larsen and Hort eight, Hubner and Balashov 7½, Miles 7, Ivkov and Portisch 6½, Vukic and Byrne six, Gligoric and Bukic 5½.

Tony Miles's placing, though reasonable in such an elite field, was not one to improve his standing as a potential challenger to Karpov. Three of Miles's four defeats came with the black pieces against the Russians in openings which he plays regularly.

It looks as if Miles's previous good record against the USSR players has stimulated the Moscow analysts to probe for weaknesses in his static opening repertoire.

Thus Karpov v Miles (the world champion's fifth win in seven games against the British grandmaster) was an "English Defence" with 1 P-QB4, P-QN3; 2 P-Q4, P-K3; 3 P-Q5, Q-R5, as analysed by Miles and the other British GMs Keene and Stean.

Karpov chose a quiet positional treatment, kept the iniative, and won the ending; a similar pattern developed in Spassky v. Miles, a Sicilian, Dragon variation. Judged by these games, the USSR backroom researchers have concluded that Miles is ill at ease in defensive positions lacking tactical play.

Miles now has a special problem in his games with the leading grandmasters on the circuit. His achievements have brought respect, and few take chances against him as they did a year or two back. But, as a very active player, his openings and defences are available for his rivals to study and have become to some extent predictable.

For the Russians, Hungarians and Yugoslavs, this is less of a problem. They often have assistants and trainers whose function is to supply a constant flow of new ideas.

A Western master, particularly a loner like Miles, runs the risk of finding his repertoire stereotyped and stale, while the constant tournament round leaves little time for refurnishing the stock of ideas.

Even Bobby Fischer had this difficulty, but overcame it by his exceptional chess work-rate at the board and between tournaments.

The game which really sank Miles at Bugojno occurred half-way through the tournament, when he was placed in the top six and poised to challenge Karpov and Spassky. It is a clear case of successful Russian pre-game homework, earned Balashov the brilliancy prize, and demonstrates Miles's enormous task in his one-man campaign to bring the world title to Britain.

White: Yuri Balashov (USSR). Black: Tony Miles (England). Opening: Queen's Gambit Accepted (Bugojno 1978).

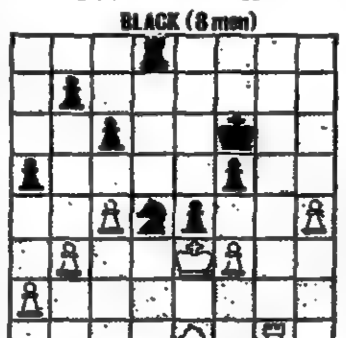
1 P-Q4, P-Q4; 2 N-KB3, N-KB3; 3 P-B4, PxP; 4 N-B3, P-QR3; 5 P-K4, P-QN4; 6 P-K5, N-Q4; 7 P-QR4, NxN; 8 PxN, Q-Q4; 9 P-KN3, B-K3 ? (Miles played the more natural B-N2 against Kavalek at Wijk aan Zee and won after his opponent missed chances. Presumably Balashov had an improvement ready, and in side-stepping this Miles falls into worse trouble); 10 B-N2, Q-N2; 11 0-0, B-Q4; 12 P-K6 ! (improving on 12 B-QR3 ? as Ivkov-Filip, Zagreb 1965) BxP (PxP 13 N-R4, N-Q2 could be tried); 13 N-N5, B-Q4; 14 BxB, QxB; 15 PxP, PxP; 16 RxR, QxR; 17 Q-N4, N-B3 (P-K3; 18 NxKP); 18 Q-B3, P-B3; 19 N-K6, Q-N2; 20 Q-Q5, P-N4; 21 B-B4 ! (wrecking the black defences, for if PxB; 22 R-R1 threatens 23 R-R8 ch, QxR; 24 NxP ch), B-R3; 22 R-K1, Q-N3; 23 NxP ch, K-B1; 24 R-K6 ! PxB; 25 RxN, Q-N1; 26 N-K6 ch, K-K1; 27 R-B7, K-B2; 28 NxP dis ch, K-B1; 29 Q-QB5, Resigns. White threatens both QxP ch and R-B8 ch.

POSITION No. 212

Baczynsky (U.S.) v. Basman (England), Aaronson Masters 1978. Basman (Black, to move) has slightly better placed pieces, but White's last move P-B3 proposes further exchanges and a quick draw. What should Black play?

POSITION No. 212

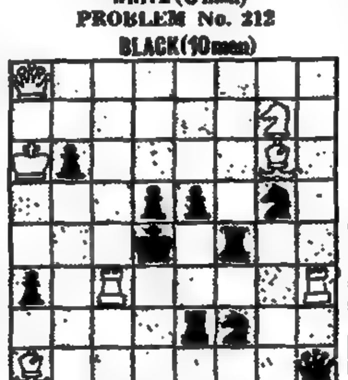
BLACK (8 men)



WHITE (8 men)

PROBLEM No. 212

BLACK (10 men)



WHITE (7 men)

White mates in two moves, against any defence (by M. Marble, 1st prize, Strategie 1909).

Solutions, Page 14

TV Ratings

Week ending 16 April

U.K. TOP 20: Viewers (m.)

1.	Rising Damp (Yorks.)	18.55
2.	Benny Hill Down Under (ITV)	17.15
3.	Armchair Thriller (Tues.) (Thames)	17.05
4.	Coronation St. (Wed.) (Granada)	17.00
5.	This is Your Life (Thames)	16.60
6.	Mixed Blessings (LWT)	16.20
7.	Winner Takes All (Yorks.)	15.80
8.	Coronation St. (Mon.) (Granada)	15.25
9.	Crossroads (Fri.) (ATV)	15.20
10.	Get Some In (Thames)	15.15
11.	Wilde Alliance (Yorks.)	14.95
12.	Crossroads (Wed.) (ATV)	14.70
13.	Crossroads (Thur.) (ATV)	14.65
13.	Sale of the Century (Anglia)	14.65
15.	Celebrity Squares (ATV)	14.45
16.	All Creatures Great and Small (BBC)	14.35
17.	Armchair Thriller (Thurs.) (Thames)	13.95
18.	Whodunnit? (Thames)	13.50
19.	Ronnie Corbett (BBC)	12.45
20.	World in Action (Granada)	12.25
20.	Emmerdale Farm (Tues.) (Yorks.)	12.15

Figures compiled by Audit of Great Britain for the Joint Industrial Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen ratings)

1.	Three's Company (comedy) (ABC)	28.6
2.	Laverne and Shirley (comedy) (ABC)	28.9
3.	M.A.S.H. (comedy) (CBS)	25.7
4.	Holocaust (special) (NBC)	27.1
5.	Happy Days (comedy) (ABC)	26.6
6.	One Day at a Time (drama) (CBS)	26.3
7.	Charlie's Angels (drama) (ABC)	23.5
8.	Baby I'm Back (comedy) (CBS)	22.6
9.	Amazing Spiderman—Superperson (drama) (CBS)	22.5
10.	60 Minutes (news) (CBS)	22.1

A Nielsen rating is not a numerical total.

My apologies to readers for the omission of a white Queen at White's QR1 in last week's Problem 211. As set, the solution is defeated by 1 K-B2, R-B7 ch; 2 B-Q2 ch, K x P.

BRIDGE

E. P. C. COTTER

THE DIFFERENCE between average dummy play and the technique of the expert declarer is a fascinating study. Let us look first at this deal from a rubber, in which South put a cold no trump game on the rocks:

	N ♠ J 9 8 8 ♡ A ♢ K J 10 8 3 ♣ Q 9 2	
W ♠ K 10 5 2 ♡ Q 10 8 6 3 ♢ 6 4 ♣ 10 7		E ♠ 7 4 3 ♡ 9 7 4 2 ♢ A 5 ♣ K J 5 3
	S ♠ A Q ♡ K J 5 ♢ Q 9 7 2 ♣ A 8 6 4	

With North-South vulnerable, South dealt and bid one no trump, to which North replied with a Stayman enquiry of two clubs. When the two diamond response showed no four-card major suit, North went three no trumps, and all passed.

West led the six of hearts to dummy's Ace, East playing the seven, and the declarer returned the three of diamonds. East, who knew his way around, took his Ace at once and led back the two of hearts, covered by Knave and Queen, and West's return of the eight forced out the declarer's King. Four diamonds were run off, on which both defenders threw two spades and a club. Now, with a prayer to the blind goddess, South led a spade from the table and finessed the Queen. West won, and cashed two hearts to defeat the contract.

It is, of course, usually correct to start on one's long suit, but there are exceptions to every rule, and so it proved in this elementary hand. At trick two the spade finesse should be tried. West will win, but he cannot continue hearts without sacrificing a trick, so he has to switch, and leads the ... of clubs. This causes no embarrassment to the declarer — he wins, leads a diamond, and the contract is safe.

I cannot say how often I have seen declarers going wrong in such cases, because they do not understand the underlying principle. The declarer must take a finesse into the hand which is now "safe," but which will become the danger hand as soon as its suit is established. It is just a question of timing.

The next hand is a small slam:

	N ♠ Q 5 ♡ J 10 7 5 4 ♢ A Q 6 ♣ K 6 4	
W ♠ A J 10 2 ♡ 3 ♢ K J 10 9 8 2 ♣ J 3		E ♠ 7 6 4 3 ♡ 8 2 ♢ 7 4 3 ♣ Q 10 5 2
	S ♠ K 9 8 ♡ A K Q 9 6 ♢ 5 ♣ A 9 8 7	

At game all South dealt and opened the bidding with one heart, West overcalled with two diamonds, and North raised to four hearts. South somewhat optimistically made a try with five clubs, and when North accepted with five diamonds, bid six hearts.

When West started off with the three of trumps, South could see two inescapable losers, but he wondered if there was any way of overcoming this depressing situation. After studying the position for some time, he saw a gleam of hope.

He drew the trumps and then led the spade nine to the Queen — West had to duck in order to avoid setting up an extra trick in the suit for the declarer — returned to hand with a club to the Ace, and led a diamond, finessing the Queen. The diamond Ace came next, on which a spade was discarded, the club King was cashed, and a spade was led to throw West into the lead. Now, provided that West had no more clubs, he would be end-played.

The declarer's excellent play was rewarded, because West had started with a doubleton club. Whether he returned a diamond or a spade, South would throw dummy's club, ruff in hand, and thus make 12 tricks.

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Saturday April 22 1978

Gold sales and gilts

ALTHOUGH THE behaviour of equity prices is nowadays usually governed by that of the gilt-edged market, there are exceptions. At the beginning of this week, for example, equities were firm while gilt-edged were quiet. There were two main reasons for this. One was a sharp rise in prices on Wall Street. The other was the publication over here of reasonably encouraging information about the course of earnings. Year on year, earnings are now rising markedly faster than prices. This, together with tax cuts, explains the rising trend of personal consumption spending. At the same time, it looks as if the average rise in earnings during the 1977-78 wage round will turn out to be around 14 per cent.—more than the 10 per cent. for which the Government was hoping but not so much more than at one time seemed possible. The Chancellor is aiming to halve this rate of increase during the next round; and, though trade union leaders will certainly not co-operate in any formal method of restraint the chorus of disapproval has been surprisingly muted.

The sharpness of the recovery on Wall Street over the past ten days is a result not only of the long decline and the build-up of institutional liquidity but of a feeling among both U.S. and foreign investors that the Administration now means to tackle the risk of inflation and the decline of the dollar more seriously.

Firmer dollar

In the past, Mr. Carter's advisers have tended to regard the weakness of the dollar as of no great importance or even as a means of forcing countries like Japan and West Germany to cut back their balance of payments surpluses. When they began to take the dollar problem more seriously, therefore, they were not at first believed. But the U.S. President has now undertaken to give priority to the country's economic problems, and two events this week seem to demonstrate a change of attitude.

First, the new chairman of the Federal Reserve Board has given a public warning of the danger of inflation and the Fed itself has begun to tighten monetary policy. Second, the Administration has announced that it is ready to auction 300,000 ounces of gold from its reserve each month for at least the next six months. This move is a great deal less dramatic than it may appear. The amount of gold involved is tiny in comparison both with the U.S. reserve and the size of its payments deficit—it is less, in fact, than the International Monetary Fund is selling off each month—and may not have much effect on the market price of gold for long. The advice of the outgoing chairman of the Fed, that as much of the gold reserve as necessary should be committed to defence of the dollar exchange rate, has certainly not been adopted. But together with the tightening of monetary policy, and coming at a time when the dollar is looking rather firmer, it may have a considerable psychological effect—especially if the firmness of Wall Street persists and foreign investment capital moves in on a larger scale.

New long tap

It remains to be seen whether the dollar firms up enough to have more than a minor impact on the sterling exchange rate—which would be awkward for the monetary authorities at this particular time. The main City criticism of the Budget, it will be recalled, was that the Government would find it difficult to cover the proposed public sector borrowing requirement and at the same time keep within its own new guidelines for the growth of the money supply; gilt-edged would have to be sold to the public on the same large scale as last year though conditions were likely to be less favourable.

Until this week, in fact, the Government has recently been selling very little stock. It is probably not too worried about that, since the Budget is now out of the way and a larger rise in the money supply during the banking month to mid-April gives it a higher base from which the growth target for the coming year will become operative. But May is another matter, not merely because it is the first month of the new financial year but because, as the Chancellor gave warning in his Budget, special factors are likely to make it a particularly bad month for monetary growth. As soon as the clearing banks raised their base rates and the gilt-edged market ceased to fear another early rise in minimum lending rate, therefore, the Government Broker cut his prices and by the end of the week had sold out not only the rest of his short-dated tap but of his long-dated as well. The market feared that two new issues might be announced yesterday. In fact, it was one 20-year issue. But the very fact that the Government needs to sell stock heavily will tend to make buyers hold back and make for easier prices, especially if sterling weakens.

Tax avoidance: an industry down but not yet out

BY DAVID FREUD

THE retrospective legislation against a tax avoidance scheme detailed in Thursday's Finance Bill is a savage blow to the activities of the entire avoidance industry.

Nevertheless, the main companies in the industry show no signs of packing up their tents and fading away. The Chancellor's retrospective action is a risky one and even if the legislation passes through the Commons, as seems likely, the industry believes it is flexible enough to survive in some form or other. As one avoidance expert put it, "I expect to spend the rest of my life working on reducing other people's tax liabilities."

The retrospective measure outlawing the "commodity carry" scheme represents a double-pronged onslaught on the industry. First, if it reaches the Statute Books, its retrospective nature will set a precedent for dealing with the problem of organised avoidance. The precedent, therefore, radically changes the rules of the game in the Government's favour.

Second, because of the precedent, potential clients for avoidance schemes are likely to be scared off. In his Budget speech last week the Chancellor underlined the intended deterrent effect on marketing such schemes. "The time has come not only to stop the particular schemes we know about but to ensure that no schemes of a similar nature can be marketed in future," he told the Commons.

The extent to which the move proves an effective deterrent will depend largely on the ease with which the Government gets it through the Commons. The bigger the lobby against the measure, the less thoroughly established will be the precedent.

The Finance Bill's Clause 26

Dealings in commodity futures: withdrawal of loss relief

(1) Relief shall not be given to any person under section 168 or 177(2) of the Taxes Act or section 25 above (set-off o. trading losses against general income) in respect of a loss sustained in a trade of dealing in commodity futures if—

(a) the loss was sustained in a trade carried on in partnership and that person or one or more of the other partners was a company; and

(b) a scheme has been effected or arrangements have been made (whether by the partnership agreement or otherwise) such that the sole or main benefit that might be expected to accrue to that person from his interest in the partnership was the obtaining of a reduction in tax liability by means of such relief as aforesaid.

(2) Where relief has been given in a case to which this section applies it shall be withdrawn by the making of an assessment under Case VI of Schedule D.*

(3) This section applies whether the loss was sustained before or after the passing of this Act but not where the scheme was effected or the arrangements were made wholly before 6th April 1976.

*Case VI allows for assessment on the full amount of profits in the relevant year.

Constitutional view

The Tories have not yet decided on their response to the Chancellor's initiative, although they would tend to be hostile to the use of retrospective legislation. If a constitutionalist view prevails and the Tories come out against the legislation, as the industry hopes, the avoidance experts could lie low and re-emerge in the then more favourable climate of the next Conservative administration.

Even if the Tories refuse to be drawn on the issue, there are still ways the industry could continue to operate—albeit on a much smaller scale—despite the threat of further retrospective action.

The main difficulty it would face would be recapturing some of the market the Chancellor has scared away. Ironically, this problem would be made worse if the possible Conservative/Liberal alliance over cutting marginal rates of income tax succeeds in the committee stage of the Finance Bill. This would further reduce the incentive to high earners to seek avenues for avoidance.

The "commodity carry" scheme was the most recent in a series of highly successful schemes marketed by the industry since the early 1970s. It worked through individuals going into partnership with a company to obtain technical losses in a series of commodities futures transactions. Before the corresponding profits were realised the indivduals sold out for a capital gain.

The marketing of this scheme stopped abruptly after it was described in the Sunday Times in October and Mr. Joel Barnett, Chief Secretary to the Treasury, warned that it would be legislated against. Because of this, it is estimated in the industry that only 200-300 people used it to avoid tax on income totalling up to £15m. A smaller number of companies also used the scheme.

If the scheme had not been stopped in its tracks, however, it is almost certain that it would have gone on to achieve the spectacular success of two earlier ones, the Roy Tucker/Rossminster Group interest deduction scheme and the reverse annuities scheme, marketed by Mr. Godfrey Bradman's London Mercantile Group, among others. These two schemes are thought, between them, to have lost the Exchequer some £300m. in tax payments.

The people who used the commodity carry system, another Roy Tucker/Rossminster package, will be badly hit by the retrospective legislation. The average income each individual put through it was about £50,000—between 20 and 30 per cent. of which went to pay the cost of using the scheme; effectively the fee. When the retrospective legislation catches up with them, presenting tax demands with marginal rates of up to 98 per cent., they will be heavily out of pocket.

Mr. Tucker, a chartered accountant who worked for international accountants Arthur Andersen before entering the avoidance industry in 1972, said he has no plans to arrange for repayment of the fees. "It would be virtually impossible to do. The money disappears in all sorts of financial transactions to 10 different places. One simply could not get it back," he said.

The Labour Government clearly sees the plight of the customers as an object lesson to deter others. In his post-Budget speech, Mr. Barnett told the Commons, "If those who play with fire in this way get their fingers burnt I hope we will shed few tears for them."

In the speech, Mr. Barnett spelt out why the Government decided on taking the unusual course of retrospective legislation.

The revenue at stake

He said that in the years 1973-74 to 1975-76 the revenue at stake from schemes detected was of the order of £200m. In the last two years it had escalated and in 1976-77 it could be as much as £200m. for the single year. The authorities knew of one claim alone seeking to establish a loss to the Revenue of nearly £100m.

The figures underline the Government's fear that if the avoidance industry were allowed to continue its expansion unchecked income tax for the rich would become, like death duties shortly before the introduction of Capital Transfer Tax, mainly voluntary.

The authorities were largely powerless against the stream of schemes coming on the market to replace any that were successfully countered. Despite the limited element of retrospection in the legislation to the time each scheme was first detected, there was always a period—sometimes quite extended—in which the schemes could be used.

Although each scheme was challenged in the courts, as well as legislated against in the following Finance Bill, many were upheld by the judiciary. Mr. Tucker, for one, is proud that he has not yet lost a case. Furthermore, the legislation required to close specific loopholes was so complicated that, as often as not, it offered the industry a further opportunity to find a way through the provisions.

The Chancellor decided on retrospective legislation rather than two other options that would have been even less attractive. The first would have been to change the British legal tradition, in which the courts merely interpret Parliamentary statutes, to the U.S. system in which courts decide the intention lying behind them. The second would have been to give the Inland Revenue powers to set aside any arrangement it considered to have been carried out with the sole intention of avoiding tax.

Mr. Barnett's warning

The new Finance Bill outlaws the commodity carry scheme from April 6, 1976—well before it was first marketed and months before Mr. Barnett issued his formal Commons warning.

The Inland Revenue will have no difficulty tracing all the money it is owed under the legislation because all the relevant information is recorded in the tax returns of people who used the scheme, albeit in a highly complicated way.

Clause 26, which outlaws the scheme, is toughly drafted. It rules out the use of partnerships in futures commodity trading where one or more of the partners is a company—the device adopted in the scheme.

Subclause 1 (b) goes even further and lays down a "sole or main benefit" provision. This is a powerful catch-all phrase which is bound to prove water-tight in the courts, though no one is likely to try to test it. It is stronger than the similar formulation "sole or main object," another possible formulation, where a degree of intention has to be established.

The general expectation is that the retrospective measure will get through the Commons. Even Mr. Tucker believes that, realistically, the chances of it being defeated are no better than 50/50. While there is widespread dislike for the use of retrospective legislation, politicians are wary of appearing to support the unpopular cause of tax avoidance.

For this reason, it is widely doubted whether Labour lawyers will mount a back-bench rebellion against the Chancellor's

ROY TUCKER
... considering schemes on a much smaller scale.

move. And such a rebellion would almost certainly be necessary if the provision were to be defeated. The Liberals' stated priority of forcing through greater tax cuts in the committee stage of the Finance Bill would tend to reduce their interest in taking a stand on principle on the issue of retrospection.

Nevertheless, the attitude of the Tories is critical to the long-term prospects of the avoidance industry. At present they acknowledge the problem presented by the new generation of tax avoidance schemes and agree that some action should be taken to curb them. However, many Tories believe retrospective legislation is the wrong weapon to adopt.

In private, some Tory leaders concede that the Chancellor's precedent would be very difficult for them to apply in future, because the use of the weapon would be strenuously opposed by their own back-benchers.

Even if the Tories stay on the fence there are a number of ways the industry could continue to operate. Mr. Tucker conceded that one option he was considering was the marketing of schemes on a much smaller scale. Such limited editions would not make it worth the Government's while to go through the unpopular process of retrospective legislation to curb in each instance a small abuse.

Another course for the industry was opened up by Mr. Barnett himself when he argued before the Commons that it would be possible to legislate against schemes "without harming those genuinely engaged in any commercial transactions to which these artificial arrangements may be attached."

It should not prove beyond the wit of one of the most ingenious industries in the U.K. to construct a scheme, or series of schemes, so intricately linked with a key sector of the economy that unravelling it through retrospective legislation would do more harm than good.

Another alternative under active consideration is an increased use of companies as vehicles for avoidance. The money could be removed from these before retrospective legislation caught up, leaving the authorities with an empty victory.

The industry is unlikely to mount a frontal challenge to the Chancellor. It plans to stay very much in the background in the political debate over retrospective legislation, hoping that the constitutionalists will champion its cause. It realises that it will probably only damage its own cause by being seen to support it.

Business abroad

Nor are there any plans to offer guarantees to people who use the schemes, which would be one way of retaining the industry's present market.

What will be the effect of the measure? The industry expects that many people who have been using its schemes each year—often chairmen and chief executives of large companies—will retire. Others will emigrate or set up in business abroad. Some will now try to evade tax illegally by not declaring some of their income.

Finally, there will be some who will still pin their hopes on avoidance, even though the Chancellor has made it a far riskier business.

So, while the industry is not going to be wiped out by the measure, the Chancellor's strategy looks like being strikingly successful in limiting the threat presented by organised avoidance. In the next few years the Exchequer's losses due to avoidance are likely to fall far below the £200m. a year figure quoted by Mr. Barnett. And the dangers of the problem escalating have been entirely eliminated.

Letters to the Editor

Parking

From the Chairman, Industrial Market Research.

Sir,—It is encouraging to know the Kensington Planning Committee is opposed to the monstrous building the Russian Embassy would like to inflict on local residents (April 15), and that the residents' association has also registered a strong objection.

It is sad that no outcry has followed the intention of Westminster City Council to use Wellington Barracks as a coach park. The primary consideration, relating to the use of a site of such prominence and importance, must be visual amenity. The parking of coaches over an area of some 3,000 square metres will detract considerably even from the present amenity level of the partially void site.

A second consideration is traffic flow. The service road on the north side of the Mall appears more than adequate for the very temporary parking of coaches whose occupants have come to view the Changing of the Guard. The proposed park will attract other, additional coaches. At times, there will be coaches operating in large numbers in the streets on both sides of the barracks which must disturb traffic flow considerably over a large area. The road systems on the south side of the barracks is narrow, with permitted parking in most of the streets; there will be serious congestion here as the coaches negotiate the tight T junction (Petty France to Palmer Street) in front of the proposed park entrance.

In an area of so much historical interest and with so many buildings listed for architectural merit, it is totally incongruous to introduce yet more coach parking. The increased parking facilities are likely to attract increased numbers attending functions at the adjacent large hotels particularly in the evenings with consequent addition levels of noise and pollution for the residential population.

It should be made clear that the word temporary may be a misnomer, perhaps a deliberate one to disguise the real intentions of the council. Temporary consent is not being applied for so that if granted there is nothing temporary about the planning approval. If the Ministry of Defence were not to redevelop the site in the foreseeable future then, effectively, the consent is permanent and so is the coach park.

It is not, I am told, usual for councils to refuse their own planning applications which may account for the fact a study of the council file on the application reveals only one map. Rather a different picture from the files containing applications from private individuals and firms.

Aubrey Wilson.
17, Buckingham Gate, S.W.1.

Budgets

From Mr. C. F. Lawson.

Sir,—As a Liberal candidate in the last election, I am delighted to see that the major parties are pretending they don't need the Liberals when in fact it is obvious to the electorate little can be done without them.

As a unit trust manager I am delighted since the less politicians can do (usually) the better for all of us! A cross-section of opinion from extreme Left to extreme Right is healthy when a sensible compromise comes down in the middle. The City is meant to be Right wing but hides behind a minority Labour Government as good for shares, since industrial relations should be better.

We need a 2 per cent. cut in income tax to give everybody more and the Government less. We need a rise in VAT to 10 per cent. to harmonise with the EEC and stop sucking in imports and to slow down any deterioration in our balance of trade.

Let's have Lib-Con Budgets followed by Lib-Lab pacts forever—or let us be sensible and have proportional representation to avoid confrontation. Never have so many relied on so few.

Freddy Lawson,
Lawson Securities.
63, George Street, Edinburgh.

Speedy

From Mr. R. Brooks.

Sir,—Mr. Clive Derby, chief executive of British Hotels Restaurants and Caterers' Association, comments (April 14) that Mr. Egon Ronay's surveys have been compiled "without much knowledge of the problems associated with feeding day after day thousands of people, all of whom invariably are in a hurry."

May I suggest to Mr. Derby that it would serve his cause better if he took steps to feed people in a hurry. Last week at the Newport Pagnell service station on the M1 I arrived at the end of the queue at the cafeteria at about 1.00 p.m. hoping to get a hot meal. After 15 minutes I left the same queue having succeeded in moving forward only four places. The delay was caused by the insistance of the catering staff of taking one order at a time from the person at the front of the queue and then going off into the kitchens and cooking it before taking the next order. It has always been my experience that cafeterias have a number of hot meals always available and that this is the great advantage for people "in a hurry."

I got back in my car, drove to Northampton, and had a perfectly reasonable meal in a restaurant which was served to me within five minutes of my entering the place!

Robert Brooks.
13, Freeman Way, Maidstone, Kent.

Service

From Mr. W. Whalley.

Sir,—May I as an occasional traveller comment on the current motorway service station controversy. The point is that the facilities provided are far ahead of those available off the motorway.

On roads generally the wayfarer is dependent on cafes and pubs, in which children and nursing mothers are by no means welcome, and opening times limited. On the motorway toilets are free and well up to three star standards. Uniquely a mothers' room is freely available for the feeding and care of babies. General conditions compare favourably with facilities at other places of public resort, such as museums, theatres, railway stations, zoos and parks, anywhere in this country. A coachload of children or old people can be rested, relieved and refreshed at small or nil cost. Food is available at all times in quantity and kind amply sufficient to sustain life.

Off the motorway, facilities for travellers scarcely exist outside licensed hours. Cafes are few except in towns where they must be sought after expensively parking the car. I suggest that the motorway station provides a standard of service which the majority of users regard as quite good enough for what it is, viz., a relief for the traveller.

W. C. R. Whalley.
105 High Street, Hungerford, Berks.

Taxation

From Mr. A. Sillem.

Sir,—The Inland Revenue advises me that the recent Budget proposals providing reduced rates of capital gains tax for gains up to £9,500 do not apply to family trusts. If this is in fact so may we be provided with the reasoning behind this decision as it would seem manifestly unfair that an individual whose assets are held in trust, presumably to protect his or her interests, should be taxed at a higher rate than applies to those who are able to hold their assets in their own names. This surely is a ruling which should be amended in the present Finance Bill.

A. L. Sillem,
26, Queensmere Road, Wimbledon Common SW19.

Illusory

From Mr. R. Bonwit.

Sir,—The increase to £4,000 in the qualifying limit for the "elderly" couple's tax allowance of £2,075 will prove illusory for many retired people. The reason for this is the Inland Revenue's practice of including in the total income to be set against this ceiling not only the—nominally tax-free-old age pension but also interest from savings invested with building societies, already taxed at source.

In marginal cases—where the total thus calculated lies in the £4,500-£5,000 band—this practice renders OAP anything but "tax-free." It also raises the effective tax on building society, etc., interest to nearly twice the standard rate, since 66 per cent. of the income over and above £4,000 is disallowed and deducted from the special "elderly" couple's allowance, extinguishing it when the total thus calculated exceeds £4,800. The "surplus" income then becomes taxable at the standard rate of 34 per cent. This raises the effective tax on building society interest to well above 60 per cent.

It would appear to be more equitable, if such a punitive rate of tax on retired people's savings were not imposed until their income total reaches the relevant tax bracket.

Ralf Bonwit.
Sorby, Kiln Lane, Binfield Heath, Henley-on-Thames.

Control

From Mr. T. Simms.

Sir,—Not being a member of the Institute for Workers Control it is perhaps presumptuous of me to suggest that Phillip Bassett misquoted the aims of the institute in his article (April 17) in which he stated that these are "Workers' control of the means of production, ownership and exchange."

From my reading and observations drawn from attending (admittedly only two) annual conferences of the IWC, I don't think ownership is one of the aims of the institute. Many of us might be happier if it were. Responsibility for controlling an enterprise implies ownership and cannot be divorced from it. The authority assumed by control must equate to the responsibility of ownership and all that goes with it, including accountability, investment for the future which products to make, setting of prices and wage levels and the multitude of other decisions incumbent on the management of a business enterprise.

There would, of course, be no place for strong unions in a society in which most of the industrial activity is organised on a worker-ownership basis and it is a little puzzling to an "outsider" like myself why Arthur Scargill does not have more sympathisers among his trade union colleagues who are as prepared as he was last Saturday to denounce the IWC's aims as being against the interests of trade unions as well as being incompatible with his ideas (and probably most peoples' ideas) of socialism.

If, as I suspect, ownership is not among the aims of the institute, then we have to look for other reasons for the apparent paucity of popular support which it enjoys. Could this be because there is now a growing awareness to-day among all sections of our society that many of our problems have stemmed from our tendency to allow authority to become separated from responsibility (accountability might be a better word)? Whenever we have done this, for example, in much of the legislation which misleads us with misguided notions as to our rights, we have set the scene for further inefficiency, instability, unhappiness and strife, in the way we manage our affairs.

Perhaps someone in the IWC can confirm whether or not "ownership" is in fact one of the institute's aims. Apart from any political ambitions it may have, it does, however, provide a forum for open discussions on such vital issues as unemployment (which is what attracted me to this year's conference) which one hopes will assist towards a wider and deeper understanding of our predicament and the options before us.

Terry Simms.
11, Winter Court, Sandy Lane, Bradford, W. Yorks.

Sirens

From Mr. I. Wells.

Sir,—As my office is close to Bracken House, may I seek the courtesy of your columns to ask the Commissioner for City Police, or whoever is responsible for monitoring such matters, for what reason a London Salvage Corps tender proceeds frequently around 2.30 p.m., with siren blaring constantly, past New Change and into the City.

I had understood that the circumstances in which any emergency vehicle could use its siren were strictly defined. I am forced to observe that the present apparently excessive use of such sirens can only lead to their effectiveness being debased.

I. M. J. Wells.
4 Croham Close, South Croydon, Sur...

Tennis facing its big tie-breaker

BY JOHN BARRETT

THIS WEEK marks a milestone in the evolution of tennis. Ten years ago at the West Hants Club, Bournemouth, the world's first open tournament was held —the British Hard Court Championships—won with exquisite skill by Ken Rosewall in four sets from his fellow Australian, Rod Laver. Those were heady days as the old lions of the outlawed professional game — Gonzales and Emerson, Stolle and Gimeno—returned from the wilderness of one-night stands to cross rackets with the newly emancipated amateurs. There were shocks, too, as Britain's dashing No. 1, Mark Cox, eliminated Gonzales and Emerson before losing to Laver in the semi-finals. Here was a brave new world where honesty had banished "shamateurism," where skill and courage alone would be rewarded, where horizons were limitless.

As the open game now enters its second decade, transformed into a major sporting industry, it is right to reflect upon the lessons of the past and to consider the probable future. Have the dreams been realised? Is the game as healthy as it appears to be? Will the phenomenal growth of the past decade continue?

Certainly tennis has never been more popular. Already four years ago an independent survey in the U.S. showed that there were 34m. Americans who played the game, 23m. of them regularly. By 1976 there were 6m. more regulars. In 1968 the U.S. Lawn Tennis Association conducted 18 national amateur championships for men and women. This year there will be 62 competitions for players aged 35 to 80 organised by the USTA (they dropped "lawn" in 1975).

Fired by the American success and fanned by the growing worldwide exposure for the professional game and its star performers on TV and in the Press, tennis has grown rapidly elsewhere. In Japan, Germany, Scandinavia, Italy, France, Spain, Holland, Belgium and to a lesser degree in other parts of Europe, luxurious new clubs have sprouted like mushrooms. There are now 1,036,000 registered players in Germany and 4,390 clubs. Ten years ago the figures were 306,233 and 1,855. Britain lags far behind. It is inhibited by the twin barriers of a sluggish economy which limits individual disposable income and a preoccupation with community sports development at the expense of private facilities. While the rest of the world enjoys its tennis in comfort many British clubs are still the wooden shacks that were built between the wars. The high cost of land and building plus obstructive attitudes towards planning permission have held back the British clubs.

Equipment

Following the boom, equipment and clothing sales have leapt dramatically. In 1968 at SPOGA, the European sports exhibition, there were about 25 manufacturers showing tennis rackets. By 1973 there were 40 and last year 130. The estimated worldwide sale of tennis rackets has grown in 10 years from 3.5m. to 13m. Tennis ball sales have zoomed from 4.5m. dozens to 15m. dozens.

An element in the growth has been the cult of leisure as affluence and automation have spread. But the boom has been led by the astonishing growth of the professional game built upon an alliance between commercial sponsorship and television. On the face of it the game is in robust health. Prize money is at record levels; there are record crowds at the principal events: star players, now household names, endorse products as diverse as sunglasses and airlines, fizzy drinks and motor-cars: hard-headed businessmen queue to obtain sponsorship of the top tennis tournaments.

Even the most optimistic in 1968 could hardly have anticipated the extent of the boom. The first open tournament in Bournemouth offered total prize money for men and women of £5,440. To-day the men's winner of each of the 32 major Grand Prix tournaments receives almost £17,000. The first open Wimbledon had total prize money of £26,150. This year it will be £267,023. At the U.S. open, the world's richest tournament, there was $100,000 to be won in 1968. Last year they played for $462,420. The world's total prize money pool 10 years ago was less than $250,000 from 17 opens in eight countries. Last year the men's Grand Prix alone contained 76 tournaments in 23 countries and there was more than $10m. to be won. The women riding the bandwagon of Women's Lib have seen an equally impressive rise. In 1970 two $7,500 Virginia Slims tournaments were the only ones for women. This year women have $5.5m. prize money to play for.

The figures for individuals are even more illuminating. In 1969 Laver topped the earnings table with $123,405. When Arthur Ashe won $325,550 in 1975 it was hailed as a major breakthrough for the sport. But the following year Raul Ramirez of Mexico amassed $484,343 from tournament tennis alone. In 1977 Guillermo Vilas claimed the Grand Prix bonus of $300,000 to take his year's total to $766,065. However, Jimmy Connor's on-court earnings in 1977 reached the hardly believable total of $822,657. Open tennis has created 12 dollar millionaires—11 men and the amazing American girl Chris Evert.

Growth, then, has been universal — from the grass roots level of club play to the showbiz world of the professional game. But the insatiable demands of the top players and their managers for ever higher prize money have sewn the seeds of the professional game's possible destruction.

Lawyers

The "pro" game to-day is governed by the two Professional Councils, one for men and the other for women, which are nominally alliances between the two players' associations (the Association of Tennis Professionals and the Women's Tennis Association), the International Tennis Federation and representatives of the tournament directors. In fact it is ATP and WTA which have the power and, through the players on their boards, the management companies which advise them. The respective presidents, John Newcombe of ATP and Betty Stove of WTA, are managed by the two American lawyers who, behind the scenes, are the real powers in the game.

Mark McCormack's International Financial Management group has Newcombe, Bjorn Borg, Virginia Wade, Vitas Gerulaitis and Evonne Cawley as clients. As well as Miss Stove, Donald Dell's Washington office has a client list including former ATP president Ashe, Stan Smith, Brian Gottfried, Eddie Dibbs, Manuel Orantes and Raul Ramirez. In addition Dell's law partner, Frank Craighill, acts as legal adviser to ATP. Balancing the power of these two organisations are the three top independent players, Connors, Evert and Vilas—plus the Dallas-based promotional group World Championship Tennis, with its World Series of tennis — the eight-tournament circuit with doubles play-offs in Kansas and singles finals in Dallas—which this year have become part of the Grand Prix competition.

The majority of ATP's membership of approximately 250 and many of the 125 members of WTA are uneasy about the influence the two leading management organisations have upon the game. They see the rich players (and their managers) getting richer while their own opportunities to break into the charmed circle of top competition diminish. Last year's decision to divide the Grand Prix into a top tier of 32 $175,000 tournaments, mostly with draws of 32 players, and a lower group of $75,000 and $50,000 events concentrated the rewards still more at the top of the game.

The trend towards higher prize money is partly the result of commercialism and television. Companies enjoy the prestige of promoting bigger events than their competitors and the TV networks have an almost paranoic preoccupation with the biggest and the best. Hence the somewhat contrived head-to-head spectaculars at Las Vegas that involved CBS in charges of misrepresentation and the four-man exhibition tournaments that currently threaten to undermine the whole fabric of the tournament scene. Regrettably it is far more attractive and profitable for a promoter to spend $200,000 to stage a two-day spectacular involving four men than to mount a week-long tournament with 32 competitors.

This week, for instance, while the last WCT Series tournament takes place in Houston and the Grand Prix tournaments are staged in Nice and San Jose, six players have been engaged in two four-man events. At the start of the week Borg, Vilas, Cox and Gerulaitis contested a televised two-day $100,000 tournament in Copenhagen. Borg and Vilas then flew to Tokyo where they joined Connors and Orantes for the $200,000 Suntory Cup which is being played to-day and tomorrow.

The fact is that the leading players are now so rich that they can afford to pick and choose. Connors, for instance, although qualified for WCT's Dallas finals where the first prize is $100,000, has decided to miss them, even though he is the holder of the title. He claims that there would be insufficient time to prepare properly because of another playing engagement the previous week-end.

The other major fear is the future of the $75,000 and $50,000 tournaments. Although players in the top group are obliged to drop back four times during the year to assist these events there is still no guarantee of sufficient draw cards to ensure success for the events. Sponsors for this group are hard to find.

Satellite

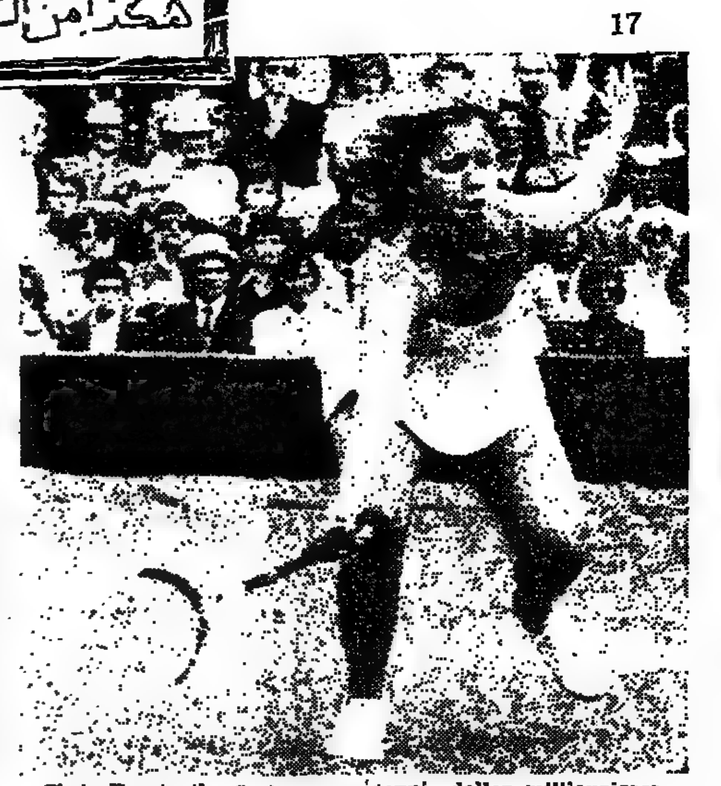
The men's professional game is polarising between the rich tournaments and the poor ones and there is too little communication between them. Despite the growing number of satellite circuits which allocate the all-important ATP computer points upon which all tournament entries are based, it is still almost impossible for even the brightest young players to compete against the leading group except by gaining entry as "wild cards." And this cherished route of direct entry is often influenced by the management groups which also act as advisers to the leading tournaments—an unhealthy situation.

The ITF is powerless to stop the trend. The president, Philippe Chatrier of France, has lately been trying to persuade the major championships to call a halt to the dizzy rise in prize money, in spite of talk among ATP executives of raising the rewards for the top group to $200,000 next year. With the world economic climate in an uncertain state the golden goose may not be prepared to lay more golden eggs and the goslings in the lower group are already struggling to produce silver ones.

Another potential danger to the ordered growth of tournament tennis is the huge influence currently exerted by the Colgate-Palmolive company. As sponsor of both the men's Grand Prix and the women's International Series, the company invests approximately 1 per cent. of its annual advertising and promotion budget of $580m. in sport. There are already signs that it is cutting back on its involvement in tennis and if it ever decides to change direction it would create a void that would be difficult to fill.

These are the problems of the next decade. It seems inevitable that increasing leisure will ensure continued growth at club level but the professional game is at a critical stage of evolution. Perhaps Team Tennis, the four-year-old American inter-city league, now more secure in the U.S., will expand to Europe as an added threat to the tournament game.

Whatever happens in this area the future health of the professional game will ultimately depend upon the degree of responsibility shown by the players and their managers. If they are not too greedy then the future is bright: if, however, they chase the fast buck by over-exploiting 4-man events then the whole magnificent edifice, so painfully built up since 1968, could come tumbling down.



Chris Evert—the first woman tennis dollar millionairess.

Weekend Brief

Here's health

The business of keeping the body beautiful is going through turbulent times. This weekend two of the biggest names in looking after the wealthy unhealthy—the Champneys and Henlow Grange Health Farms—are up for sale. For around £1m.-plus the dedicated health fanatic could pick up two luxurious country estates replete with all the expected facilities of saunas swimming pools, and solariums.

Yet neither health farm is being sold because of any slump in the market. There are seemingly still plenty of wealthy women and affluent Arabs prepared to pay up to £462 a week (in the case of Champneys) for the full treatment of diet, fitness, and relaxation.

Champneys of Tring, which represents probably the most exclusive form of private health treatment available in Britain, has been caught in the embarrassing position of currently being owned by the Labour Government.

The 170-acre estate in the Chilterns was in a state of decline when taken over in the early 1970s by the Allied Investments group. Champneys problem largely stemmed from the growing distrust of crank cures by the public. Thus its accomodation and facilities were completely renovated after Allied take-over at a cost of some £300,000 and a new emphasis given on approved medical health programmes.

However, earlier this year, Allied Investments itself was taken over by a consortium headed by the National Enterprise Board to help fund the group's £250m. contract with Saudi Arabia for the construction of two major hospitals.

Not surprisingly, because of the political connotations, the NEB was anxious to sell off Champneys and the other U.K. medical interests of Allied. After a few flirtations with the Arabs, it now seems likely that Champneys will be sold to a group comprising some of the management of Allied's U.K. medical interests, including the vivacious Tanya and Allan Wheway who have put Champneys back on its feet. A final decision, which had been expected during the past few days, is now likely over the next two weeks after some minor details have been sorted out.

Henlow Grange in Bedfordshire, however, is ironically on the market (through agents Knight, Frank and Rutley) because of the health of the dynamic Leida Costigan who built up the farm's reputation since the early 1960s. Mrs. Costigan is having to move to a warmer climate in Spain where she plans to develop her health farm on the Costa del Sol.

Henlow Grange, which is about one-third the size of Champneys, is expected to reach £350,000 as a going concern. No firm buyer has yet been found although it is rumoured that Champneys may itself be interested once it has sorted out its own ownership issue.

Henlow Grange: treats in the country.

But for the paying customer on a 400 calories a day diet, the question of who owns whom may be less important than the time of the next meal.

Measure for measure

The getting together of the BBC and ITV for audience measurement in television is a somewhat greater achievement than it seems on face value. In spite of protests from outsiders the two organisations have stuck steadfastly to their respective ways of measuring audiences. The resultant differences have provoked hoots of disbelief and placed both systems in doubt, but now the differences are being buried.

Basically the ITV system uses little boxes attached to TV sets which measure the time the set is turned on and notes the channel. BBC uses the diary system and also asks people to recall what it is they watched the night before. Different geographical coverage helps to complicate things and different ways of interpretting the figures makes matters worse. Now the Beeb is handing over the head counting to ITV which really means the Joint Industrial Committee for Television Advertising Research and its contractor Audits of Great Britain. Although the AGB contract is in theory about to lapse, in practice it would amaze the research world if the organisation did not win the newer and brighter contract which puts AGB/JICTAR on the same status level as America's Neilsen as the bible for television figures.

A quick read of the announcement might have given the impression that radio was also in on this deal—but it isn't. The BBC will continue its own head counting for that particular area and the ILR stations will also go their own way. Although the IBA is clearly keen that its stations should get together with Auntie there seems less enthusiasm among the radio men themselves.

Meanwhile, however, the BBC will continue to do all the qualitative work. In simple terms this means finding out whether a programme was liked or not. In commercial television they tend to regard such information as academic: "fascinating enough to the producers old boy, but not much use to the advertisers." Here perhaps rests the kernel of an argument. Is a programme which has 10m. viewers who spend half their time in the kitchen better for advertising than one with 5m. viewers who sit riveted through advertisements and all? A question indeed.

Confucian comeback

CONFUCIUS IS on the road to rehabilitation in China. For three years, from the tenth party congress in 1973, to the purge of the Gang of Four in 1976, the entire country was preoccupied with a campaign of vilification of the great philosopher, born in 551 BC. Now nobody thinks of pursuing the ideological war against Confucius.

Official reports now acknowledge that even Chairman Mao, who launched the anti-Confucius campaign, was fond of quoting him. Confucius had his good points and his bad points and should not be cursed and arbitrarily dismissed, the reports say. The duty of filial piety, first rung on the ladder of ancestor worship and core of Confucian ethics, was carefully observed by Mao, according to the new official interpretation of Mao's personal philosophy.

The People's Daily recently published an account by an old soldier, General Lo Jui-Ching, like Confucius himself only recently out of the wood of mass criticism, which described the Chairman paying homage at the tomb of his ancestors in his native Shaoshan. He silently bowed to his parents' tomb on a fir covered hill outside the village and laid a small wreath of pine branches.

The negative view of the historical role of Confucius has not changed. He remains the "defender of a slave owning society instead of the advocate of the coming society," a traditionalist poles apart from the revolutionary ideologies of Marx and Mao. But the Confucian view of society, reverence for authority where it is benevolent and merciful, loyalty of ministers to "the prince," obedience and respect of the young for the aged, now clearly find an echo in a society which has abandoned the Maoist slogan that "to rebel is justified." The slogan spurred on the cultural revolution, encouraging the young to testify against their parents and elders —a criminal offence in Confucian China as in post-Mao China.

The anti-Confucius campaign is now presented as another distortion of Mao's policy by the Gang of Four. That campaign, the new official version goes, had a contemporary target, Premier Chou En-lai and was intended to overthrow him and prevent the restoration to office of the victims of the cultural revolution, and the progressive dismantling of its work. Chou wilily directed the campaign away from being exclusively an attack on Confucius and hence himself and his allies, turning it against the conveniently dead and already wholly discredited Lin Piao. The campaign which began pi Kung—"criticise Confucius" became pi Kung pi Lin, and was finally defused as pi Lin pi Kung, "criticise Lin Piao and Confucius."

Conjointly with the campaign there were other attempts to subvert authority and keep the moderates down. The attack on western classical music was a xenophobic shot at the policy inspired by Chou to open China to the world. The campaign against a 14th century novel, Water Margin, was used in a code assault on "Number Two Capitalist Roader," of the Cultural Revolution period, Teng Hsiao-ping, now First Vice-Premier.

This manipulation and power play of the dying days of the Mao era has produced its own current crop of victims. The Peking professor of philosophy,

MAO: after rows

Feng Yu-lan is a sad example. An eminent Confucian scholar before the revolution his history of Chinese philosophy became an international standard text.

Under the guidance of Chairman Mao he was persuaded to confess his errors in worshipping Confucius. During the Cultural Revolution he was attacked as a counter-revolutionary secret agent. As an old man of 80 he was recruited by the Gang of Four to assist them with the anti-Confucius campaign and is now in turn being criticised for lending his intellect to the Gang.

In the process of rewriting history the Chinese have also now recast the first Emperor of the Chin Dynasty, Chin Shih-huang, the man who unified the country and established the traditional imperial system over 2,000 years ago. An anti-Confucianist who ordered a mass burning of books and death by being buried alive to anyone who quoted Confucius, he was regarded with some affection by the Gang of Four. The new view says that he may have unified the country, but that the Gang was wrong to like him since the feudal regime he set up was bound to exploit cruelly and oppress the peasantry.

Contributors: David Churchill, Arthur Sandles and Yvonne Preston.

Economic Diary

SUNDAY — Chancellor Helmut Schmidt, West Germany, arrives in U.K. for two days of consultations with British Government. Monthly progress report on National Savings (March).

MONDAY — Meeting of EEC Fisheries Coucil, and EEC Agriculture Ministers begin three-day talks, Luxembourg. Council of Europe Parliamentary Assembly opens, Strasbourg.

TUESDAY — TUC-Labour Party liaison committee meets, Congress House. Provisional unemployment figures (April). Bricks and cement production (March). Confederation of Shipbuilding and Engineering Unions discuss Lucas Aerospace reorganisation plans, National Research Centre, Solihull. Prime Minister speaks at WRVS 40th anniversary rally, Central Hall, Westminster. EEC Development Council meets, Luxembourg. Royal Society of Health Congress opens, Pavilion, Bournemouth.

WEDNESDAY—Confederation of Shipbuilding and Engineering Unions meet on Leyland Speke plant closure, Charing Cross Hotel, W.C.2. Prime Minister at public meeting, Hounslow Borough College, Isleworth. TUC general council meets. Meeting of Labour Party national executive council. Statement on Yorkshire Area National Coal Board annual report. Mr. Edmund Dell, Trade Secretary, opens U.K.-Australia trade seminar, Inn on the Park Hotel, W.1. Mr. Bruce Millan, Scottish Secretary of State, at Scottish Police Federation conference, Hydro Hotel, Peebles.

THURSDAY — By-elections at Wycombe and at Epsom and Ewell. Dr. David Owen, Foreign Secretary, and Chancellor Helmut Schmidt address Council of Europe Parliamentary Assembly, Strasbourg—also meeting of Foreign Ministers to discuss implementation of Helsinki Final Act. Mr. Denis Healey, Chancellor of the Exchequer, is chairman of two-day interim meeting of International Monetary Fund, Mexico City. Second reading of Finance Bill: House of Commons. Announcement by British Institute of Management on 1978 management salary survey. Mr. Ron Hayward, Labour Party general secretary, is guest speaker at Foreign Press Association luncheon, 11, Carlton House Terrace, S.W.1. Car and commercial vehicle production (March—final). Energy Trends publication. Department of Employment Gazette will include employment in production industries (February); overtime and short-time working in manufacturing industries (February); stoppages of work due to industrial disputes (March); and quarterly estimates of employees in employment (December).

FRIDAY—Mr. Len Murray, TUC general secretary, gives memorial lecture on "Industrial Relations with a Human Face," University of Salford. Mrs. Margaret Thatcher, Conservative leader, visits Iran for talks with the Shah and senior Ministers.

SATURDAY—Association of Professional, Executive and Clerical and Computer Staffs conference opens, Congress Theatre, Eastbourne.

COMPANY NEWS

S. Pearson £4.7m. ahead

AFTER DEDUCTING £11.66m., against £10.05m., attributable to *minority interests, pre-tax profits* of S. Pearson and Son advanced from £28.54m. to a record £33.28m. *in 1977—after £14.19m., compared* with £11.22m. for the first half.

Full-year turnover, excluding *banking and investment income*, expanded from £290m. to £328.5m. with Pearson Longman contributing £145.64m. (£129.28m.), Doulton £171.7m. (£149.39m.) and other subsidiaries £11.16m. (£11.33m.).

	1977 £000	1976 £000
Turnover†	328,491	289,996
Profit	44,936	38,583
To minorities	11,659	10,045
Profit before tax	33,279	28,538
Taxation	17,028	14,046
Net profit	16,251	14,492
Extraord. credits	2,504	3,152
Net surplus	18,756	17,044
Pref. dividends	18	18
Interim Ordinary	1,368	1,363
Final	3,291	2,852
Retained	14,079	13,411

† Excluding banking and investment income.

Pre-tax profits were split as to: Whitehall Trust (Lazard Brothers and investment trusts) £8.74m. (£6.56m.). Pearson Longman (publishing) £13.02m. (£12.02m.), Doulton (ceramics, glass and engineering) £11.93m. (£10.89m.), Midhurst Corporation (North American interests) £1.84m. (£2.11m.), and other interests £906,000 (£246,000). Head office interest and expenses absorbed £3.15m. (£3.28m.).

Earnings per 25p share are shown at 23.72p (21.24p) and the dividend total is lifted from 6.168285p to the maximum permitted 6.80927p net with a final of 4.80927p.

Extraordinary items comprised net surpluses less minority interests and tax on realisations of interests in associated companies £247,000 (£3.32m.), interests in subsidiaries £364,000 (nil), properties loss £0.99m. (£81,000 profit), investments held for the long term £3.01m. (£180,000 loss), goodwill loss £138,000 (£28,000 loss), and miscellaneous gains £11,000 (£41,000 loss).

Total tax including overseas *taxes of £4,015,000 (£4,465,000)* was £22.68m. (£19.09m.) and the proportion attributable to *minority* interests was £5.65m. (£5.05m.).

Doulton and Co's. profit increase was achieved despite a share of associates losses of £37,000, against profits last time of £236,000, higher minority interests of £829,000 (£614,000) and pre-acquisition deductions of £32,000 (nil). Turnover rose from £149.42m. to £171.7m.

At midway profits stood at £5.27m., against £5.13m.

	1977 £000	1976 £000
Turnover	171,698	149,420
Trading profit	12,826	11,287
Share loss of assocs.	37	*236
Profit	12,789	11,523
To minorities	829	614
Pre-acq. profits	32	—
Profit before tax	11,928	10,889
Tax	6,596	5,438
Net profit	5,332	5,451
Extraord. credits	75	§111
Net surplus	5,407	5,340
Ordinary dividends	2,250	1,950
Retained	3,157	[illegible]

* Profits. † Total tax including overseas tax £1.35m. (£1.55m.) was £7.02m. (£5.75m.), proportion attributable to minority interests was £408,000 (£309,000) and for period prior to acquisition £16,000 (nil). ‡Comprise net surplus on sales of properties £90,000 (£49,000), goodwill written off £5,000 (£5,000), overseas investment written off nil (£35,000), and closure of a U.K. division nil (£70,000). § Debits.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ben Bailey Constr. ...int.	Nil	—	0.3	—	0.55
Blackwood Hodge	1.6‡	—	1.45*	2.9	2.6*
R. H. Cole	2.03	Jun. 12	1.83	3.71	3.23
J. Hepworth ...int.	0.72	—	0.59*	—	2.09*
I. and J. Hyman	0.2	—	0.18	0.2	0.18
G. and G. Kynoch ...int.	1	May 30	—	—	1
Liberty and Co.	34.2	May 30	20	46.2	29.3
T. Marshall (Loxley) 2nd int.	1.39	—	—	—	2.23
T. Marshall (Loxley)	1.46	—	1.23	3.95§	2.23
Mentmore Manuf.	0.76	Oct. 2	0.68	0.92	0.83
Pearson Longman	4.24	Jun. 12	3.61	5.99	5.42
S. Pearson and Son	4.81	Jun. 12	4.1	6.81	6.17
Rush and Tompkins	1.99	—	1.69	2.87	2.6
Francis Shaw	2.64	—	2.36	2.64	2.36
Youghal Carpets	Nil	—	4.09	2.05	7.22

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Corrected. § To be paid as soon as possible after July 31. If there are no further restrictions pay June 1.

Youghal's £1.6m. loss

FOLLOWING A decline in midway profit from £1.04m. to £0.42m., continuing unprofitable trading at two weaving plants and high interest charges left Youghal Carpets (Holdings) for the first time in its history, with a pre-tax loss, amounting to £1.59m. for 1977, compared with a profit of £2.11m. last time. External sales advanced 18 per cent. to £64.18m., *while a trading surplus of £1.04m.* against £4.43m. was achieved.

Mr. Brian L. J. O'Brien, the *chairman, reports that in addition* to the trading losses generated at the Youghal and Morris-Gloucester carpet weaving plants, it became apparent that because of the poor market conditions in the final quarter, stocks were too high in the plants and a large quantity of stock had to be disposed of while the selling season lasted.

This de-stocking exercise attracted very high discount levels and sales into a weak market added to the trading difficulties. The means taken to correct the *difficulties in the plants are now* becoming effective and by the end of the present year, trading losses from these companies should be eliminated, he says.

Members are told that although stocks were brought down to a more acceptable level by the end of the year, the cash generated did not come in fast enough to make *much impression on interest* charges, which were up from £1.59m. to £1.84m. at the year end. The *statement* in the interim report that it was the intention of the company to drastically cut borrowings is being implemented and by the end of 1978 this will be achieved.

Mr. O'Brien *states that in order* to reduce the use of financial facilities a cut-back in the activity of the group is necessary. This will result in better application of resources and improved margins of profit on reduced turnover. In the present state of the textile trade generally and the carpet trade in particular the use of financial facilities often result in no final benefit to the company by way of profit.

In view of the final results, the directors do not intend to pay a final dividend and therefore, the *interim of 2.045p net compares* with 7.215p for all 1976. Loss per 25p share is given as 9.6p (*earnings 10.7p*). The chairman *says it* is hoped that the company will be back in profit in 1978 when the resumption of dividends will be a matter of careful consideration.

The directors are confident that the trading situation can be put right in 1978 and that the company will continue in its former pattern of profitability.

A geographical breakdown of turnover shows (with £000s omitted): Ireland £6,912 (£6,158), *U.K. £40,865 (£34,235), other EEC* countries £9,623 (£8,704), U.S. £4,111 (£2,763) and others £2,[illegible] (£2,511).

At the year end, fixed ass[ets] stood at £11.96m. (£10.56m.) [in]cluding land and buildings valuation on December 31, 1[9..] which resulted in an increase o[f] book values of £1.55m. Net curr[ent] assets dropped from £10.06m. [to] £7.44m.

● comment

With the carpet industry s[...] *deep in recession*, Youghal—[...] other manufacturers—has b[een] hit hard. The only way the co[m]*pany was able to* maintain a reasonable level of volume sa[les] has been to slash prices—and t[his] led to £2m. losses in the sec[ond] half. The situation was agg[ra]vated by unsuccessful attem[pts] to reduce the interest charg[es] stock levels could not be redu[ced] enough, in spite of a special eff[ort] to offset the weak U.K. mar[ket] with exports. Overseas mark[ets] however, still provide the b[est] hope for any possible impro[ve]*ment as the U.K. and Irela[nd]* (threequarters of sales) are s[till] fighting a price war. But so lo[ng] as this continues, it will be d[iffi]cult for the company to achi[eve] its forecast of a return to pro[fit]ability this year. The shares [...] 7p to 36p, giving a yield of [...] per cent., compared with 5.[...] [per] cent. for Carpets Internation[al] *which last week announced pro[fits]* two-thirds lower at £1.3m.

J. Hepworth rises 36% at midway

RESULTING FROM the introduc*tion of new merchandising lines*, complemented by better demand for traditional products, turnover of *J. Hepworth and Son*, the menswear group, rose by 18 per cent. to £20.97m. and pre-tax profits by 36 per cent. from £2.03m. to £2.76m. for the six months to February 28, 1978.

The directors say the rate of turnover gain experienced in the first half has continued into the second part of the current year. For the whole of 1976-77, turnover and profit came to £34.49m. and £3.56m. respectively.

Tax for the half year takes £1.58m., compared with £0.54m. which arose mainly from stock appreciation relief, not claimable for this year's six month period. Net profit declined from £1.5m. to £1.19m.

*The interim dividend is effec*tively raised from an adjusted 0.591p to 0.72p net per 10p share, costing £0.29m. (£0.26m.)—last year's final was an equivalent 1.5p.

● comment

Hepworth's move from traditional lines—suits and other outwear—into casual garments—shirts, ties and knitwear—and shoes is continuing to pay handsome dividends. On an 18 per cent. *increase in turnover*, pre-tax profits are up by more than one-third to a record high for the first half. The new merchandise lines accounted for 7 per cent. of the 9 per cent. rise in sales volume. The rate of turnover growth has continued into the second with sales likely to be boosted by the recent easing of credit controls since its main customers are Barclays/Access credit card holders. Pre-tax profits for the full year could reach *£4.8m. compared* with its 1973 peak of £4.6m. At 65p yesterday, the shares yield 5.4 per cent. on a prospective p/e of 11.3 (fully taxed).

Pearson Longman exceeds £21m.

WITH £12.24m., against £12.89m., accruing in the second half, pre-tax profits of Pearson Longman, a subsidiary of S. Pearson and Son, finished 1977 ahead at a record £21.4m., against *£19.87m. External sales* by the publishing group, whose interests include the Financial Times, West*minster Press and Longman* Holdings were up £16.2m. at £146.4m.

	1977 £000	1976 £000
External sales	146,406	130,196
Financial Times	26,306	23,235
Westminster Press	62,983	53,155
Longman Holdings	35,309	32,468
Penguin Publishing	[illegible]	18,696
Ladybird Books	3,693	3,338
Inter-company	1,100	892
Profit before interest	20,215	19,075
Financial Times	3,378	2,453
Westminster Press	3,070	4,490
Longman Holdings	8,790	8,136
Penguin Publishing	1,070	3,313
Ladybird Books	477	798
Pearson Longman deficit	49	15
Interest	551	931
Share associates	1,734	1,730
Pre-tax profit	21,398	19,874
U.K. tax	8,652	7,538
Overseas tax	1,[illegible]	1,[illegible]
Associates tax	533	936
Net profit	*10,308*	*9,497*
To minorities	481	484
Attributable	10,027	9,013
Extraord. credits	56	152
Pref. dividends	22	22
Ordinary dividends	2,467	2,232
Retained	7,594	6,911
To capital reserves	236	160
To revenue reserves	7,[illegible]	6,751

Before interest, lower at £551,000 (£931,000), the surplus was up at £20.22m. (£19.08m.) but the contribution from Penguin Publishing Company was down by £1.53m. at £1.68m. and at Ladybird *Books from £798,000 to £477,000.* The remaining three operating companies all showed advances and all companies improved sales.

Before extraordinary credits of £56,000 (£152,000) but after preference dividends of £22,000 *(same), stated earnings per 25p* share were up at 24.27p (21.81p), and the net total dividend is *stepped up to 5.986p (5.415p) with* a final of 4.236p.

An exchange deficit arising on *reconversion of net assets over*[seas], amounting to £629,000 (£883,000), was transferred direct to reserves.

Hyman reaches £0.67m.

INCLUDING £338,039, against £171,513, from associated companies, pre-tax profits of I. and J. Hyman expanded from £427,618 to a record £666,606 for *1977 on external sales, excluding* associates, of £6.35m. compared with £4.03m.

In October, reporting a first-half profits rise from £100,835 to £152,102, excluding associates, the directors forecast a substantial full year improvement.

Full year earnings are shown at 3.52p (2.46p) per 5p share and *the dividend is lifted from* 0.17875p to the maximum permitted 0.196625p net.

The directors say that should the Government announce any amendment to statutory dividend control before publication of the annual report, which will be sent to holders at the end of May, they will then report on future divi*dend policy.*

	1977 £	1976 £
External turnover	6,350,317	4,029,115
Trading surplus	493,786	355,070
Depreciation	122,974	77,237
Net interest	42,247	21,728
From associates	338,039	171,513
Profit before tax	666,606	427,618
Tax payable	197,856	99,659
Deferred tax	190,723	136,729
Net profit	278,027	191,229
Minority interests	10,748	4,735
Extraord. debits*	78,636	—
Leaving	[illegible]	186,495
Dividends†	12,272	13,532
Retained	173,[illegible]	172,[illegible]

* Relate to goodwill written off by associate £50,353 less surplus on sale of fixed assets £1,717. † After waiver attributable to holding of chairman £2,035.

Scottish Utd. Investors

First quarter 1978 gross revenue of Scottish United Investors rose from £809,072 to £836,368 and net revenue was higher at £310,733 *against £256,365. Net revenue for* all 1977 came to £1.5m.

The net asset value is given as *39.6p (34.5p) per 25p share.*

Woolworth budgets for increase

FIRST-QUARTER profits at F. W. Woolworth and Co. were *down*, Mr. S. J. Owen, the chairman, said at the AGM, although sales, "are *certainly up*."

The chairman stressed that the downturn was not significant in relation to the full year's profit; the group, he said, was budgeting for a further increase on the peak £46.78m. for the 1977-78 year.

Mr. Owen said that the question of a rights issue had been considered, but in view of the com*pany's share price* he said, "it would be an expensive way of raising money, at this stage. He also told members that there was no intention of making a scrip issue either.

T. Marshall (Loxley) rises to peak £1.06m.

On turnover of £15.33m. against £13.4m. pre-tax profits of Thomas Marshall and Co. (Loxley) recovered from a slight *mid-term fall* from £430,000 to £409,000 and finished 1977 at a peak £1.06m. *compared with £0.96m. last time.*

Profit was struck after providing a special contribution of £145,000 to the company's pension funds to offset much of the cumulative adverse effect of inflation. After tax of £204,046 (£224,031) net profit emerged as £855,292 against £736,423. Figures for 1976 have been restated on the ED19 basis.

Earnings per 25p share are shown as 15.25p (12.79p) and the directors announce a second *interim dividend for the year of* 1.386p as well as a final of 1.464p (1.227p) which together lift the total to 3.95p (2.227p) net. The company manufactures fireclay refractories.

Rush & Tompkins advances to £1.27m.

INCLUDING AN exceptional credit of £162,000 for 1977 compared with a debit of £439,000, pre-tax profits of *Rush and* Tompkins Group, property, building and civil engineering concern, rose from £0.86m. to £1.27m. on turnover ahead by £15.15m. to £54.44m. At halfway, profit had fallen from £472,000 to £468,000.

Stated earnings per 25p share are up from 8.5p to 10.6p and the *dividend is stepped up from* 2.595p to 2.889p with a net final of 1.994p.

The exceptional credit for 1977 comprised of profit on disposal of an investment property of £762,000; less a provision of £540,000 against the value of the land bank for possibility that certain planning applications may *be granted on terms which do* not result in the optimum use of the land; and a £60,000 write-down of land bank.

There was an extraordinary debit of £213,000 (£40,000) for the period which comprised of goodwill written off investment in subsidiaries of £236,000 less an exchange difference of £23,000.

*The directors state that provi*sion is made for deferred tax only when amounts are considered to *be payable in the foreseeable* future. The company has tax reliefs and allowances available in certain subsidiaries, they add, which it is considered will exceed any foreseeable liability to U.K. tax other than ACT.

Completed properties held as investments and those owned and occupied by the group have been *revalued and as at December 31,* 1977, amounted to £23.38m. The surplus arising on revaluation, amounting to £5.62m., has been taken to reserves.

Net asset value at the year-end is shown as 234p (192p) per share.

	1977 £000	1976 £000
Turnover	54,441	39,282
Net rents	1,827	1,173
Operating profit	269	394
Exceptional credit	162	*439
Central expenses	267	255
Interest	†410	211
Profit before tax	1,271	[illegible]
Tax	142	27
Minority interests	1	—
Extraordinary debits	213	40
Attributable	915	[illegible]
Dividends§	317	232
Retained	598	565

* Debit. † Comprised: France-holding charges on properties for sale £215,000; U.K.—holding charges on investment properties £195,000. § After waivers £20,000 (£21,000).

British Leyland

The British Leyland rights *issue document sent to share*holders yesterday is an unusual example of its kind.

*Instead of encouraging share*holders to take up their rights as most companies do, British Leyland goes to great lengths to persuade shareholders to keep their hands in their pockets.

"The directors would not expect or recommend you to subscribe," writes the chairman Mr. Michael Edwardes, "the directors *themselves do not intend to do* so."

The issue price of 50p per share is obviously not attractive when shares can be bought in the market for about 29p.

The directors, by the way, own a grand total of 4,450 shares worth £1,250. They are already, as it were, fully committed.

NEW LONG TAP

The Bank of England announce the issue of £800m. 12 per cent. Exchequer Stock 1998 at £96.00 per £100 per cent. payable as to £30 on application, £33 on 15 May and the balance on 7 June 1978.

Interest on the Stock is payable half-yearly on 20 May and 20 November. The first interest payment will be made on 20 *November 1978 at the rate of £6.16* per cent.

The prospectus will be advertised on Tuesday, 25 April and the list of applications will be opened and closed on Thursday, 27 April.

R-R to share in higher demand

Rolls-Royce is confident of securing "a good share" of the big *increase in demand for* new aircraft and engines from the early 1980s onwards, reports Sir Kenneth Keith, chairman.

The group earned a profit before tax of £16.6m. in 1977 against a loss of £21.9m. in 1976, after writing off research and development expenditure of £63.3m. (£57.2m. in the previous year).

The net profit after tax and minority interests amounted to £14.7m. (1976 loss of £24.2m.). All of this has been retained in the business.

The company says that the difference between this published profit and the figure of £20.4m. announced recently by the National Enterprise Board represents the reduction in 1977 in the sterling value of the company's assets in North America, stemming from the strengthening of the pound *during the latter part of* 1977.

The NEB figure covers the company's profit before this reduction, while the annual report takes account of an exchange loss of about £4m.

Commenting on the year ahead, Sir Kenneth Keith, chairman, says that 1978 "promises to be the year in which airlines start to order replacements for their present fleets and to enlarge their capacity to handle the likely increase in traffic in the early 1980s.

"Rolls-Royce is well placed to *get a share of this work.*

"Much discussion has taken place in 1977 on the new aircraft designs likely to be needed to match the airline requirements from the early eighties onwards. No design as yet is finali[sed] although Boeing with their [...] *and 757 models are near a lau[nch]* date.

"R-R is continuing with [the] design and development of [an] intermediate engine (now des[ig]nated RB-211-535) with the [...] of it being chosen as the [...] *power plant for the 757*, and [a] version of the RB-211-22 wo[uld] be suitable for the 767."

Sir Kenneth says that while [the] overall picture shows so[me] improvement, sales are still lik[ely] to remain relatively depress[ed] in the important civil engine m[arket] for the next two years.

But improvements in air *traffic point to a considera[ble]* increase in demand for n[ew] equipment from the early eight[ies] onwards" and R-R is in a posit[ion] to obtain a good share of [the] resulting orders."

Liberty reaches record £2.36m.

AFTER MORE than doubling in the first half from £423,000 to £993,000, pre-tax profits of Liberty and Co. finished the year to January 31, 1978, ahead from £1.88m. to a record £2.36m. on external sales of £21.45m. compared with £17.09m.

Full year earnings are shown at 272.9p (230.5p) per £1 share and the dividend total is stepped up from 29.3p to 46.2p net with a final of 34.2p. The *company* is close.

	1977-78 £000	1976-77 £000
External sales	21,446	17,089
U.K. retail	11,136	[illegible]
Rest of EEC	3,304	[illegible]
U.K. covrt. & w'sale	2,782	2,282
Export	5,060	4,396
VAT or equivalent	1,206	974
Profit before tax	2,362	1,881
U.K. retail	1,116	744
Rest of EEC	72	20
Converting & w'sale	1,073	983
Net rents	101	165
Tax	1,239	1,024
Net profit	1,123	857
Currency loss	56	*47
Leaving	1,067	904
Dividends	167	116
To reserves	900	788

* Profit

Commitments for capital expenditure not provided in the *accounts and additional capital* expenditure authorised are estimated at £1,235,000.

The proposed final dividend is shown after a waiver of £22,245 by the chairman.

It is proposed that the existing Ordinary shares of £1 be subdivided into four Ordinary shares *of 25p and four non-voting shares* of 25p respectively. This is to be followed by a scrip issue of three new Ordinary shares for every Ordinary share and three new non-voting shares for every non-voting share held plus a further scrip issue of 3 new Preference shares for every 8 Ordinary or non-voting Ordinary shares.

The issue of new Preference shares is not expected to affect the level of distribution to be made in the future on the Ordinary share capital.

£176,277 loss by Liden

After reducing the pre-tax loss from £84,919 to £38,775 in the first half, Liden (Holdings) finished the year to November 30, 1977, with a deficit of £176,277 compared with profits of £238,900. Turnover was marginally higher at £3.51m., compared with £3.29m.

After a tax credit of £45,829 (£97,281 charge) the loss per 10p share is given as 1.79p (loss 1.52p). After extraordinary debits of £40,850 (£61,859)—redundancy and payment in lieu of notice—[the] loss is shown at 2.58p (2.73p) [per] share.

Once again there is no [divi]dend. The last payment [was] 0.1675p net for 1973-74.

The group makes whitew[ood] furniture and imports timber, [...]

R. H. Cole slips in second half

ON TURNOVER up from £18.9[...] to £23.58m., pre-tax profits for [1977] of R. H. Cole finished ahead fr[om] £901,000 to £1,295,000, after a ju[mp] of £444,000 to £789,000 at mid-w[ay].

At that time the directors s[aid] that they viewed the second h[alf] with caution but expected the [full] year result to reflect a mater[ial] improvement over 1976.

After tax of £706,000 (£513,0[00]) earnings are shown to be up fr[om] 13.4p to 19.7p per 25p share a[nd] the dividend is raised from 3.2[...] to 3.71p net with a final of 2.03p.

Attributable profits came [to] £592,000 (£384,000) after an ext[ra]ordinary credit of £29,000 a[nd] minorities.

Mentmore recovers £0.33m. to £0.53m.

ON SALES up from £7.81m. to £9.34m. pre-tax profits of Mentmore Manufacturing Company recovered in the year to January 31, 1978 from a depressed £201,608 to £534,434. At halfway directors reported a rise from £59,346 to £151,264 and said they were confident that the full year's results would show a greatly improved profit picture. The group achieved a peak of £646,000 in the 1975-76 year.

The current year has started well, sales being in excess of those of the same period last year, and the directors feel confident that profits for the 1978-79 year will be satisfactory.

The dividend is increased from 0.8342225p to 0.917635p net per 5p share with a final payment of *0.76171p. Net profit was £240,872* (£182,180) after tax of £293,552 (£109,488). The company manu*factures writing instruments and* plastic mouldings.

Bridgewater Inv. shares suspended

The shares and loan stock of Bridgewater Investment Trust were suspended yesterday after the loan stock trustee alleged that the company had breached the trust deed and demanded repayment for the holders at par.

Bridgewater then obtained a court injunction at lunchtime yesterday to prevent the trustee, Law Debenture Corporation, from taking any action to enforce repayment. The injunction lasts until Monday.

Bridgewater is to see the Stock Exchange early next week. The secretary, Mr. R. J. P. King, den[ies] that the trust *deed* has be[en] breached.

In the last published bal[ance] sheet for March 31, 1977, Brid[ge]water had net tangible assets [of] £162,000 after realised deficit on [in]vestments of £600,000. The l[oan] stock amounts to £143,000. [The] company was 55 per cent. own[ed] by Clifton Investments.

In the latest annual stateme[nt] the chairman, Mr. A. J. Lewis, [said] that the company was looking [to] acquire larger interests in c[om]panies.

BLACKWOOD HODGE

A final dividend of 1.604p [from] Blackwood Hodge raises the [...] total for 1977 from 2.6p (adjus[ted] for a scrip issue) to 2.904p. [In] Tuesday's report the divide[nd] amounts were incorrect.

BCA/APCM

The directors of BCA and Associated Portland Cement Manufacturers announce that the scheme involving the acquisition by *APCM of the 1,182,891 Ordinary* shares of BCA not already owned was sanctioned by the High Court *on April 17 and has now become* effective.

Results due next week

The major companies in next week's Stock Exchange list are all announcing preliminary results on one day, Thursday. They include the engineering group Vickers, the construction groups George Wimpey and Tarmac, together with Tootal and European Ferries. Northern Engineering is scheduled to announce first half results.

Both Wimpey's and Tarmac's exposure to the depressed U.K. building industry last year will probably lead them to produce some unexciting results next week. With Wimpey's higher exposure to the housebuilding cycle, the figures could reflect some pressure on margins in U.K. *earnings while overseas business* may be troublesome with contract losses in Nigeria and cash flow problems elsewhere. Market estimates have trading profits ranging from £46m. to £50m. Those leaning to the higher figure would put pre-tax profits around £36.5m. against £35.4m. in 1976. On the other hand, the market has become wary of giving any estimates for Tarmac since news emerged of a purported £12m. loss in Nigeria—mainly on Government contracts for a teacher training college and an airfield. Depending on how the company treats this loss, pre-tax profits *could be £26.5m. before the* Nigerian provision compared with £22.5m. in 1976.

Vickers' results will reflect the absence of the now-nationalised aircraft and shipbuilding interests in its second half. But the statement may show—as indicated at mid-year—that other aspects of the group's business are doing well. *The four largest contributors* to its engineering division—Defence Systems, Vickers-Dawson, Michell Bearings and Design and Project—should have shown continued growth. Despite increasing competition, Howson-Algraphy *should still have performed very* well both in the U.K. and Holland while Roneo-Vickers may report slightly higher earnings after some reorganisation. A weak spot may be Oceanics which may have made a loss compared with break*even in 1976. So after adding back* notional interest of some £3m. on the nationalisation proceeds, pre-tax profits for 1977 could emerge at £25m.-£27m.

Tootal's full year profits are expected to show some progress in spite of the continued economic uncertainty worldwide. Analysts are forecasting over £12m. for the seasonally more favoured second *half giving £21m. (£17.78m.) for* the full year. A major factor on the U.K. side (about 43 per cent. of profits) is likely to be a continuing improvement in export sales. Slimma Group, acquired in May, 1977, has strengthened the company's clothing division while eight new units have been added to the Van Allan chain in the *retail division. The sharp appre*ciation of sterling will have reduced overseas profits.

Also, final results are due to be announced by European Ferries on Thursday. At half-time, when announcing profits of £7m. pre-tax, *the directors forecast that second* half profits would exceed the previous comparable period's £9m., but would be unlikely to match the improvement of £5m. achieved in the first six months. Now, analysts see the likely out*come as between £19m. and* £22m. (£11m.). There are three main reasons for this growth—a sharp increase in the volume of traffic originating from Continental Europe, increases in freight rates and a turnround from loss to profit on the Zeebrugge route. There is also likely to be a larger contribution from the property and financial services division. The company will be getting the benefit of a full year's results from Felixstowe Dock and Railway *Company, which is announcing* results on Wednesday.

Meanwhile, analysts are avoid*ing committing themselves to any* forecast of Northern Engineering's interim results. The company was only formed last September by the merger of Clarke Chapman and Reyrolle Parsons. Within months it had acquired International Combustion and *Baldwin* and Francis, and is currently completing negotiations into the proposed merger of its boiler-making interests with those of Babcock and Wilcox.

Other results to note are full-year figures from Simon Engineering (Monday), Telephone Rentals (Wednesday), Gill and *Duffus (Wednesday), Gerrard and* National Discount Company (Wednesday), Foseco Minsep (Wednesday), Minet Holdings (Thursday). First quarter profits are expected from Hoover on Thursday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alginate Industries	Wednesday	4.0	8.5	4.468
Allebone & Sons	Friday	[illegible]	[illegible]	0.3
Amalgamated Power Engineering	Thursday	1.126	[illegible]	2.04
Anchor Chemical Co.	Wednesday	1.826	1.369	2.008†
William Baird & Co.	Monday	2.6	5.711	3.98
Belgrave (Blackheath)	Thursday	—	[illegible]	—
Berali Tin & Wolfram	Tuesday	1.0	[illegible]	1.25(e)
Bodycote International	Tuesday	1.167	1.265	1.303(a)
Border Breweries (Wrexham)	Wednesday	0.86	2.277	0.96
Burrell & Co	Friday	0.3	0.36	0.429
A. Caird & Sons	Tuesday	—	7.432	—
Canadian & Foreign Investment Trust	*Tuesday*	[illegible]	2.1	1.25
Channel Islands & International Inv. Tst.	Tuesday	—	12.5	—
Corinthian Holdings	Monday	—	Nil	0.2
Electrical & Industrial Securities	Monday	0.875	1.706	0.975
Ellis & Goldstein (Holdings)	*Tuesday*	*0.3*	*0.950‡*	*0.394†*
English National Investment Co.	Tuesday	0.74	[illegible]	0.79
Estates Duties Investment Trust	Tuesday	2.625	4.406	3.0
European Ferries	Wednesday	0.66	1.394	1.0
De Vere Hotels & Restaurants	*Thursday*	1.785	2.415	1.997
Flight Refuelling (Holdings)	Thursday	[illegible]	1.729	1.127†
Evered & Co. Holdings	Monday	Nil	Nil	0.2
Executex Clothes	Monday	—	—	—
Farnell Electronics	Tuesday	[illegible]	2.438	2.31
F. C. Finance	Tuesday	—	1.5	1.0
Foseco Minsep	Wednesday	1.69	2.407	1.89
Futura Holdings	Tuesday	1.05	1.41	1.05
Gerrard & National Discount Co.	Wednesday	2.5	4.816	4.074†
Gill & Duffus Group	Wednesday	2.6	3.12	3.96
Hammerson Property & Inv. Trust	Friday	—	4.97	—
Norman Hay	Thursday	0.7	1.135	1.0
Hopkinsons Holdings	Wednesday	1.213	3.356†	1.35
Jessel Toynbee & Co.	Wednesday	0.7	2.958	0.875
Lindsay & Williams	Tuesday	Nil	1.0	0.5
L.K. Industrial Investments	Wednesday	1.078	1.258	1.2
P. & W. Maclellan	Thursday	0.5	Nil	0.5
Manders (Holdings)	Wednesday	0.747	1.529	0.825
Marshall Cavendish	Tuesday	0.975	2.905	1.03
Martin-Black	Thursday	2.0	2.4	2.037†
Melville Dundas & Whitson	Monday	0.88	1.538	0.894
Minet Holdings	Thursday	1.848	1.135	2.061†
Modern Engineers of Bristol (Holdings)	Monday	0.84	1.72	1.0*
Pentland Industries	Monday	0.192	0.41	0.217†
Petrocon Group	Thursday	1.052	4.617‡	1.176†
Prince of Wales Hotels	Friday	—	2.285	—
J. & L. Randall	Tuesday	—	1.514	—
Scottish Ontario Investment Co.	Friday	1.0	[illegible]	1.25
Shiloh Spinners	Thursday	0.75	0.896	0.75
Siemssen Hunter	Tuesday	1.083	1.054	1.366
Silentnight Holdings	Tuesday	1.155	2.49	1.27
Silhouette (London)	Friday	0.715	2.503	0.726
Simon Engineering	Monday	2.4	4.532	2.77†
Smith St. Aubyn & Co. (Holdings)	Wednesday	1.7	2.788	2.043†
Spear & Jackson International	Wednesday	1.38	5.8	3.575
Spong & Co.	Thursday	0.43	0.81	0.44
Tarmac	Thursday	3.32	5.258	3.57
Telephone Rentals	Wednesday	1.375	3.85	1.395†
Thomson T-Line Caravans	Wednesday	1.025	1.625	1.025
Tozer Kemsley & Millbourn (Holdings)	Tuesday	0.65	1.769	0.925
Tootal	Thursday	0.8	1.438	0.955†
Travis & Arnold	Tuesday	0.619	2.785	0.692
United Capitals Investment Trust	Monday	0.375	0.525	0.415
Vickers	Thursday	3.5	5.257	[illegible]
Whatman Reeve Angel	Friday	1.514	1.814	2.296(b)
George Wimpey & Co.	Thursday	—	0.61	—
Wight Construction Holdings	Wednesday	2.75	3.905	2.75
W. Williams & Sons (Holdings)	Friday	0.5	[illegible]	0.5
INTERIM DIVIDENDS				
Anglo Scottish Investment Trust	Thursday	0.615	0.968	
Border & Southern Stockholders Trust	Tuesday	2.5	5.8	
Cullen's Stores	*Tuesday*	1.3(c)	3.2(d)	
James Halstead (Holdings)	Friday	Nil	0.325	
Hawkins & Tipson	Thursday	1.8	2.508	
Linread	Tuesday	1.0	1.0	
S. Lyles	*Friday*	2.0	2.408	
McKechnie Brothers	Thursday	1.5	3.45	
Moran Tea Holdings	Monday	5.0	10.0	
Safeguard Industrial Investments	Thursday	1.0	2.6	
S. Simpson	Thursday	1.313	2.5	
Spencer Gears (Holdings)	Wednesday	0.33	0.708	
INTERIM FIGURES ONLY				
Atlanta Baltimore & Chicago Reg. I.T.	Monday			
Construction Holdings	Friday			
Epicure Holdings	Wednesday			
Fitzroy Investment Co.	Friday			
John Haggas	Wednesday§			
Hoover	Thursday (f)			
Lockwoods Foods	Thursday			

* Dividends shown net, pence per share and adjusted for any intervening scrip issue. † Includes compensating dividend due to change in tax rate. ‡ Second interim in lieu of final. § Includes second interim of 2.224p. § Third quarter figures. (a) Forecast final of 1.413p. (b) Forecast final of 1.814p. (c) Includes second interim of 0.65p. (d) Interim of 0.66p already paid. Second interim due. (e) Second interim of 2.5p already paid. (f) First quarter figures.

UNIT TRUSTS

Jumping on to the Wall St. juggernaut

IN THE AMERICAN market it is, according to one firm of London stockbrokers, no longer a ques*tion of whether equities should* be bought, but of when to buy. Such moderation has been an unusual feature of a week in which, so it seemed, one and all had decided that the Wall Street juggernaut was moving at last, and that the only thing to be done about it was to jump right on.

It is to the very great credit of some fund managers—and they have been pointing out the fact—that they had anticipated *this sudden enthusiasm for all* things American, and have been advising their potential unit-holders to put their money into U.S. funds for the best part of six months. Indeed, it is advice which has been heeded, for the money has been flooding in. This past week, though, the flood has been of a completely different order of magnitude. Hence the huge volume of invitations, this week, for investors to participate in as *much* as the rise as there is to come.

The fund managers are *unanimous* in believing that there is plenty of it. Where they do differ to some extent is in their view of when it will come through.

Most notably M and G is playing it relatively cool: and M and G has good claims to be heard, for —as figures produced by Money Management indicate—its *American and General Trust* has been one of the best performers in the sector over the past three years. The managers' argument is that the market is a good buy on a longer view, but that short-term there could be something of a correction to last week's *enthusiasm*—and they are, as promised, therefore allowing the fund's liquidity to rise. If you go for the M and G fund (with a minimum capital investment now raised to £1,000, or a life-linked contract for at least £12 a month), you therefore go for management as well as the U.S. exposure. Schlesingers, which is offering its *American Growth Fund* this week, has expressed similar reservations about the immediate outlook: but *Lawson*, which has been persistently bearish about the prospects for Wall Street for the past two *years has now changed its tune*, and is inviting applications for units in its *American Fund*. Elsewhere the enthusiasm is all but unqualified. Save and Prosper is cutting down on the liquidity of its U.S. Growth Fund; Arbuthnot — whose North American Fund has been among the top performers in this sector over the past 12 months—is 90 per cent. invested; and both the Rothschild fund (New Court *International*) and Tyndall's London Wall International have an all but unqualified commitment to the U.S.

Moreover there has recently been a small most of new entrants to this market. Henderson launched a new American fund this week — Cabot American Smaller Companies, which is designed to seek out, with the aid of *regional* brokers, the sort of fast-growing situation in which the Americans excel. The managers are looking for spread to offset the risks inherent in a decision to go for names which are less well known than the leaders. Framlington, which launched its American and General Fund a week ago, is less specialised in its approach: but the weight of this portfolio too seems likely to swing towards the smaller companies. Like another recent addition to the ranks of these specialist funds, Piccadilly American, both argue that the best is yet to come.

It has been a feature of the industry over the past couple of weeks, that funds established to cater for those investors who want an international exposure have been moving into the American market too, in quite a substantial manner: and there are two of them inviting applications for their units this week. Oceanic Overseas — one of the funds taken over by merchant bank Brown Shipley — is 75 per cent. invested in the U.S.: and the International Fund which Merchant Investors is offering by way *of a single premium bond (minimum £1,000)* is to be 70 per cent. invested into Wall Street. The *rest, incidentally*, will be put into U.K. property, where Merchant Investors reckons that there [is] still good prospects of growt[h].

It is a view which the invest[ors] *in Trident Life* apparently sh[are], for while there has been plent[y of] switching into its American Eq[uity] Fund over the past couple [of] weeks, the money has, [the] managers say, most conspicuou[sly] not come from the property fu[nd]. Trident is one of the few ins[ur]ance companies to offer a dir[ect] access to the American market [by] way of a unit-linked contract: in addition to the Merch[ant] Investors introduction it now [has] *some competition from Ham[bro]* Life, which is this week introd[uc]ing a new American Fund. Ag[ain] investment is to be by way o[f a] single premium bond, minim[um] £1,000.

After all this emphasis on [the] way west, it comes as someth[ing] of a refreshment that there [are] some groups still prepared to a[rgue] the virtues of their high inco[me] funds. Target is offering unit[s in] its Preference Fund, which [pro]vides a yield of 10.8 per ce[nt.] Lawson has a product on o[ffer] which will provide the same—*High Yield Fund*; and Chieftai[n is] inviting applications for its H[igh] Income Fund, which offers [a] return of 9.8 per cent. The f[irst] is entirely invested in fi[xed] interest securities, so that [...] returns on the units will not ri[se] and with the second there is [a] strong fixed interest element. [The] third, however, is an all-equ[ity] fund, so this is the one for any[one] who wants rising income.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The bid approach for **Walker Sons and Co. (U.K.)**, the group with engineering interests in Sri Lanka, has now crystallised into a formal offer from **Anglo-Indonesian**, the tea and rubber estates concern which has recently diversified into agricultural engineering. The share exchange offer has already won acceptance from P & O, which own 44 per cent. of Walker's shares, and Mr. Selwyn Prior, an Anglo director who holds a further 10 per cent. If the offer succeeds Anglo will get the rights to dividends totalling some £170,000.

Lloyd's of London's ruling last week that *no outside insurance interest may normally hold more than 20 per cent. of the equity of a Lloyd's broker has sparked off a major controversy in the international insurance community. Lloyd's decision led to Frank* B. Hall, the American insurance broker, withdrawing its offer for Leslie and Godwin.

McLeod-Sipef's £24m. bid for London Sumatra has failed. *The offer was accepted by holders of 36.4 per cent. of London* Sumatra's equity, including the 23.7 per cent. owned by the McLeod-Sipef camp. McLeod-Sipef is now considering its role as LS shareholders.

Mr. Tiny Rowland, chief executive of **Lonrho**, has assured shareholders of **Scottish and Universal Investments** that his group has no plans to sell any of Suits' major trading activities if Lonrho's takeover succeeds. Lonrho also argue in the formal *document that the planned share-exchange would give accepting* shareholders a 25 per cent. increase in capital value and provide an income increase of 122 per cent. The Suits Board has been split by the Lonrho offer and the majority consider it is too low and have advised shareholders to reject it.

Hepworth Ceramic, *in the formal offer documents* accompanying its contested bid for **H. and R. Johnson-Richards Tiles**, is at pains to warn shareholders that the price it is offering is not to be thought of as a sighting shot. Mr. Peter Goodall, chairman of Hepworth, points out that the offer was formulated after receipt of Johnson's estimate of its profits for the year ended March 31 and that the offer is believed to be generous.

Atlantic Assets, *the £37m. investment trust under the management of* **Ivory and Sime**, has bought a 29 per cent. stake in *its managers.* The trust has spent £540,000 on acquiring just over 27,000 newly issued shares in I & S at £20 each.

Yule Catto has put its Malaysian plantations into a new company to be called Yule Catto Plantations Sindirian Berhad and agreed to sell 35 per cent. of it to Johore State Economic Development Corporation for M$12.6m. (£2¾m.). The formation of this new company with Bumitputra partners is in line with the economic policy of the Malaysian Government.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
BCA	125†	123	53	1.48	A.P. Cement	—
Blakey's (Malleable Castings)	52*	53	48	1.5	Allied Insulatrs.	—
Cray Electronics	26*	25½	17	2.58	Spey Invests.	—
Gedong Invs.	155§	132	125	0.52	Cons. Plants	—
Hamilborne	48*	51	43	0.75	Ferguson Secs.	—
Jhnsn.-Richards (H. & R.) Tiles	116½§§	113	118½	25.4	Hepworth Ceramic	—
Lond. Aust. Invs.	147*	134	123	11.1	*Colonial Mutual Life*	12/5
Lond. Aust. Invs.	132*§	134	101	7.29	Hooker Corp.	26/4
Lond. & Liverpool Trust	21*	22	19	0.52	Aschheim Secs. & W.&A.SA Zug	—
Miln Masters	200*	195	163	4.23	*Hilleshog AB*	—
Prop. Inv. & Fin.	110*	108	106	4.74	Cstlmr. Props.	26/4
Reynolds (W. J.)	45*	43½	44½	1.75	Oakstone	—
Scot. & Univ. Invs.	130	120	107	40.56	Lonrho	—
Walker Sons & Co. (U.K.)	94	85	34	0.42	Anglo-Indonesian Plants	—
Wheatsheaf Dist.	208½	198	168	31.43	Linfood	—
Young Austen Young	83*	83	66	3.4	Trafalgar House	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 20/4/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 21/4/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Armitage Bros.	Dec. 31	454	(408)	106.3'	(97.0)	16.09	(14.63)
Astbury & Madeley	Dec. 31	782	(554)	9.0	(6.4)	1.135	(1.046)
Beradin Rubber	*Sept. 30*	*369*	*(165)*	*5.6*	*(2.5)*	*3.0*	*(1.011)*
Bestobell	Dec. 31	5,489	(4,608)	23.5	(21.4)	9.435	(8.528)
Blackwood Hodge	Dec. 31	16,629	(12,711)	14.7	(9.9)	2.904	(2.6)
Bradwell Rubber	Dec. 31	584	(461)	1.9	(1.4)	1.7	(1.25)
Brocks Group	*Dec. 31*	*893*	*(835)*	*5.9*	*(5.7)*	*3.404*	*(3.013)*
Brooks Watson	Dec. 31	1,510	(1,193)	6.0	(6.0)	2.08	(1.82)
BSG	Dec. 31	7,738	(3,888)	9.2	(5.7)	2.132	(1.625)
Burmah Oil	Dec. 31	3,609	(7,987)L	Nil	(Nil)	Nil	(Nil)
Geo. Callender	Dec. 31	553	(480)	4.0	(3.4)	1.32	(1.2)
City Hotels	Jan. 1	1,070a	(744)b	18.7	(16.7)	3.96	(—)
Clayton Sons	Dec. 31	903	(862)	16.9	(17.1)	4.392	(3.977)
Clive Discount	Mar. 31	2,120	(1,320)	¶	(¶)	4.775	(4.324)
Compton Webb	Dec. 31	1,820	(2,380)	5.2	(6.9)	1.867	(1.691)
Coral Leisure	Dec. 29	18,540	(10,125)	17.0	(11.6)	6.0	(4.0)
Cosalt	*Dec. 31*	*2,104*	*(1,252)*	*17.7*	*(13.3)*	*3.075*	*(2.753)*
Currys	Jan. 25	10,318	(10,026)	21.5	(20.6)	4.54	(4.064)
Delta Metal	Dec. 31	26,700	(24,610)	8.2	(8.8)	5.018	(4.493)
Dunlop Hldgs.	Dec. 31	57,000	(74,000)	16.0	(23.0)	5.3	(4.55)
Estates & General	Dec. 31	332	(251)	1.2	(1.0)	1.0	(0.8)
S. W. Farmer	*Dec. 31*	*890*	*(700)*	*18.9*	*(13.4)*	*5.05*	*(—)*
Francis Inds.	Dec. 31	1,610	(1,330)	17.4	(12.0)	3.37	(2.534)
Gamer Scotblair	Jan. 31	1,279	(1,124)	15.2	(17.3)	4.5	(3.25)
Antony Gibbs	Dec. 31	335	(465)	2.4	(2.7)	2.196	(1.966)
Hawker Morris	Dec. 31	266	(131)	39.1	(23.3)	6.46	(6.85)
Hawker Siddeley	Dec. 31	94,963‡	(72,983)	26.1	(25.3)	4.086	(3.688)
Helene of London	Dec. 31	1,160	(811)	4.3	(3.6)	0.671	(0.61)
Bestair	Jan 31	4,260	(4,016)	26.5	(26.4)	6.282	(5.666)
Higgs & Hill	Dec. 31	3,130	(2,275)	20.1	(14.8)	3.432	(3.094)
Joseph Holt	Dec. 31	756	(713)	13.4	(11.2)	2.174	(1.947)
Holyrood Rubber	Dec. 31	85	(101)	48.9	(64.2)	33.0	(24.23)
Home Charm	Dec. 31	1,320	(1,020)	14.6	(10.0)	3.624	(3.277)
Hongkong Rubber	*Dec. 31*	*114*	*(57)*	*10.0*	*(4.8)*	*7.26*	*(4.55)*
Horizon Midlands	Nov. 30	1,018	(1,374)	10.7	(14.6)	3.173	(2.841)
Hoskins & Hawton	Dec. 31	607	(790)	16.0	(15.8)	5.171	(4.681)
Hoveringham	Dec. 31	3,534	(2,168)	5.5	(5.7)	2.08	(1.862)
Jersey Electricity	Jan. 1	1,173	(832)	94.4	(66.4)	11.0	(11.0)
Kuala Selangor	*Dec 31*	*203*	*(165)*	*12.4*	*(11.2)*	*6.6*	*(1.548)*
Lead Industries	Dec. 31	20,911	(20,546)	24.2	(25.4)	7.37	(5.59)
L'hall Sterling	Dec. 31	644	(511)	18.4	(15.8)	4.086	(3.691)
Leslie & Godwin	Dec. 31	4,130	(4,070)	9.4	(9.4)	4.471	(4.109)
London United	Dec. 31	3,480	(1,740)	18.1	(12.2)	4.208	(3.776)
Mcleod Russell	Mar. 31	8,581	(5,782)	40.4	(38.4)	13.5	(10.0)
John Mowlem	Dec. 31	6,130	(4,250)	20.6	(15.3)	6.5	(3.252)
John Menzies	*Jan. 28*	*4,740*	*(3,100)*	*19.6*	*(21.3)*	*2.349*	*(2.117)*
F. Miller	Feb. 13	1,140	(960)	5.3	(4.2)	1.453	(1.3)
Moorhse. & Brook	Jan. 31	1,530	(772)	33.2	(31.7)	4.89	(4.378)
Myson Group	Dec. 31	126	(1,086)	1.4	(9.2)	1.0	(3.777)
Newarthill	Oct. 31	11,550	(5,240)	34.0	(13.2)	4.84	(4.4)
M. F. North	*Dec. 31*	*382*	*(446)*	*3.0*	*(2.6)*	*0.907*	*(0.813)*
Owen Owen	Jan. 28	2,255	(2,203)	10.0	(10.0)	2.857	(2.589)
Harold Perry	Dec. 31	2,774	(1,578)	62.9	(35.5)	5.383	(4.86)
Provident Life	Dec. 31	434	(401)	¶	(¶)	8.168	(7.375)
Reed Executive	Dec. 31	1,060	(436)	8.0	(2.9)	2.75	(1.67)
Revertex	Dec. 31	2,815	(3,303)	13.4	(15.7)	5.16	(4.865)
Royco	Dec. 31	1,231	(383)L	4.0	(Nil)	1.5	(1.0)
Rugby Portland	*Dec. 31*	*13,820*	*(12,490)*	*8.5*	*(7.7)*	*3.48*	*(3.141)*
Supra Group	Nov. 30	607	(437)	3.4	(2.6)	0.851	(0.762)
Tern-Consulate	Dec. 31	203	(87)	12.6	(6.1)	1.65	(0.625)
United Carriers	Jan. 28	2,249	(2,357)	13.1	(11.9)	2.314	(2.094)
Wadkin	Dec. 31	1,755	(1,735)	25.6	(31.5)	5.86	(5.3)
Weeks Assts.	Jan. 29	698	(489)	9.4	(8.3)	1.3	(1.161)
Wilson Connolly	Dec. 31	2,631	(1,845)	23.3	(17.1)	2.495	(2.234)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
P. Brotherhood	Sept. 30	320	(490)	1.815	(1.625)
Change Wares	Dec. 31	98L	(247)L	†	(0.4)
Cradley Printing	*Dec. 31*	*90*	*(71)*	—	(—)
James Crean	Dec. 31	651	(503)	3.088	(2.763)
Dowding & Mills	Dec. 31	809	(716)	0.545	(0.495)
Int'european Prop.	Jan. 31	530	(94)L	0.75	(0.1)
Wm. Low	Mar. 18	620	(751)	1.65	(1.65)
Long & Hambly	*Feb. 4*	*325*	*(289)*	*0.45*	*(0.4)*
Martonair	Jan. 31	2,085	(1,405)	1.75	(1.587)
Wade Potteries	Jan. 31	360	(225)	0.567	(0.505)
Walker & Homer	Jan. 31	49	(228)	0.45	(0.45)

(Figures in parentheses are for corresponding period.)

Dividends shown net except where otherwise stated.

* *Adjusted for any intervening scrip issue.* † *No dividend but* a forecast of 0.4p total for 1978. ‡ Excluding the results of the former U.K. subsidiary—now nationalised. ¶ Not given. L Loss. a For 52 weeks. b For 53 weeks.

Offers for sale, placings and introductions

R. & J. Pullman: Placing of 1,125,000 Ordinary shares of 80p each.

Rights Issues

Horizon Midlands: One-for-three at 72p each.

Supra Group: One-for-eight at 30p each.

Turner & Newall: One-for-four at 152p each.

Scrip Issues

Blackwood Hodge: One-for-two.

City Hotels Group: *One-for-four.*

Clive Discount Holdings: One *Preference-for-30* Ordinary.

Cosalt: One-for-two.

London United Investments: Three-for-one.

M. F. North: *One-for-one.*

Harold Perry Motors: One-for-one.

Revertex Chemicals: One-for-two.

BIDS AND DEALS

Leigh Interests forecasts 44% profit jump

Leigh Interests has agreed to acquire **Barnett and Beddows**, brick manufacturer, for £618,500 cash. Leigh estimates that its profits before tax and extraordinary items for year to March 31, 1978 will amount to not less than £830,000, an increase of 44 per cent. Leigh proposes to pay a final dividend of 3.53p bringing total for the year to 5.5p (1.5p).

Leigh's profit estimate is after deducting exceptional revenue expenditure of £93,000 out of a total of £273,000 incurred by Leigh's subsidiary, Effluent Disposal, in reducing the level of liquid waste at the Mitco site. Leigh is confident that the £180,000 of exceptional revenue expenditure carried forward will be more than fully recovered by the revenue earned at the Mitco site.

It is proposed to increase the authorised capital from £308,000 to £408,000 by the creation of a further 2m. Ordinary shares of 5p each. An EGM will be held on May 11.

DALGETY

Dalgety has purchased *£2.9m.* of its long dated Redeemable Debenture stocks at a cost to the group of £2.4m. The group is to cancel the stock and says that reduction in its secured borrowings *will facilitate the raising of* finance on international markets *for overseas expansion.*

The group has informed remaining *holders of these stocks* that it will purchase any amount of these at the same prices. The offer is due to expire on May 11.

NO PROBES

The Secretary of State for Prices and Consumer Protection *has decided not to refer the* following proposed mergers to the *Monopolies* Commission: Simon Engineering / Gordon Johnson-Stephens' Hldgs.; and Forward Technology Inds./Radyne.

FTI announces that acceptances have been received in respect of the offers by its subsidiary Clairlink, totalling 2,406,370 Radyne Ordinary shares (94.6 per cent.). The offer is now unconditional and remains open.

BAT

The Canadian Government has approved a proposal by Imasco controlled by BAT Industries London to acquire control of *Koffler Stores of Toronto.*

POCHINS TO BUY BL MAIN DEALER

Pochins announces that agreement has been reached in principal, subject to the receipt of *audited accounts for the period* of 7 months to February 28, 1978 *for the acquisition of 75 per cent.* of the capital of *Meirion Motors*, British Leyland main dealers of Aberystwyth.

Net profit (after deducting all charges except tax) of Meirion for the year to July 31, 1977 as disclosed by the audited accounts, amounted to £57,000 and net assets at that date totalled some £100,000.

This acquisition results from a decision by the Board of Pochins *to diversify its interests into* fields allied to its existing activi*ties. Meirion represents an attrac*tive investment, providing an additional profit centre compatible with the specialist plant hire division of Pochins.

Aggregate consideration for the acquisition is £140,000 payable as to £95,000 in cash on completion together with a further £45,000 in cash after production of the audited accounts for 1976-77.

ASSOCIATES DEALS

Laing and Cruickshank bought on April 18 25,000 Linfood Holdings Ordinary shares at 138p, 37,500 at 134p, and 12,500 at 133p, and 25,000 Wheatsheaf Distribution Ordinary shares at 199p for a subsidiary of Guinness Peat Group.

J. Henry Schroder Wagg and Co. *sold* on April 18 90,000 Wheat*sheaf Ordinary shares at an aver*age price of 191p on behalf of associates.

Laing and Cruickshank on April 20 sold 4,000 Wheatsheaf Ordinary shares at 196p for discretionary investment clients.

Rowe and Pitman, Hurst-Brown sold for a discretionary investment client 1,500 Wheatsheaf shares at 200p.

Laing and Cruickshank purchased 25,000 Wheatsheaf at 197p, *100,000 at 200½p and 25,000 Lin*food at 140p.

Laing and Cruickshank also purchased 50,000 Linfood at 140p and 25,000 Wheatsheaf Ordinary shares at 199p for a subsidiary of Guinness Peat Group.

Rowe and Pitman, Hurst-Brown sold for a discretionary investment client 3,730 Wheatsheaf shares at 201p.

COSALT

Sales of the ships chandlery division of Cosalt of Grimsby totalled over £12m. in 1977. In yesterday's report on the purchase of P. D. Maestrani by Cosalt it was incorrectly stated that Cosalt had sold this division.

ALPHA LEATHER ACQUISITIONS

The Alpha Leather Company, a wholly owned U.K. subsidiary of **Hutchison Whampoa** of Hong Kong has acquired, for cash, **Daniels and Daniels and Continental Fashions (Leicester)**. The two companies, based in Oadby, Leicester, are leather merchants and agents for several major inter*national tanners.*

The acquisitions are intended *to enlarge and strengthen the* Alpha Group's marketing and *sales effort and produce more* comprehensive range of leathers for the shoe, furniture and clothing industries.

INGALL INDS BIDS FOR THOMPSONS

The Boards of **Ingall Inds** and **Thompsons (Funeral Furnishers)** announce that agreement has been reached whereby Ingall will make an offer for Thompsons. This will be conditional on acceptances in respect of not less than 90 per *cent. of the shares of Thompsons* and will be subject to the *approval of Ingall holders.*

The price payable will be *£721,000 of which £671,000 will be* cash payable as to £439,000 on *completion, £104,000 on December* 1, 1978 and balance of £128,000 *within 12 months of completion.*

The remainder of the purchase price *(£50,000) will be satisfied* by the issue of Ordinary shares *of Ingall. The price of the issue* will be based on the average of *the middle market prices over the* previous month. For the year to December 31, 1977 on a turnover of £584,181 Thompsons made profits before tax of *£77,490.* As at December 31 its net assets were £395,210.

MILLS & ALLEN

Mills and Allen Group announces that **Britannia Arrow Holdings** has reduced its beneficial ownership of Ordinary shares of the company to *632,447. Arrow Life Assurance* Company recently acquired by *Gulf and Western Holdings* is the beneficial owner of 1,207,085 Ordinary shares of the company.

SHARE STAKES

Suter Electrical: Mosley Street Nominees which held a total of 440,000 (13.4 per cent.) Ordinary shares has disposed of 340,000 during December, 1977, and 100,000 during March 1978.

English Property Corporation: Mr. D. A. Llewellyn, director, has acquired a further *150,000* Ordinary shares at 29½p.

Idris Hydraulic Tin: Pengkalen has disposed of 25,000 Ordinary *shares thereby reducing its holding* to 95,000 shares (7.42 per cent.).

Castlefield (Klang) Rubber Estate: Harrisons and Crosfield and its subsidiaries are now interested in a total of 1,326,207 shares (44.2 per cent.).

Bury and Masco (Holdings): Throgmorton Trust has sold 881,000 Ordinary shares (its entire holding).

Pritchard Services Group: *London Trust Company has* acquired a further 60,000 *Ordinary shares thereby increas*ing its holding to 1,155,000 Ordinary shares (5.365 per cent.).

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Mixed in less active trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 21.

A MIXED TREND prevailed on Wall Street to-day, when the market was weighted down by the Federal Reserve report late Thursday of a surge in the Basic U.S. Money Supply, and by the Fed's tacit confirmation on Thursday that it has raised its target on key Federal Fund rates.

After rising 1.12 to 815.66, the Dow Jones Industrial Average finished 1.74 down at 812.80, reducing its gain on the week to 17.67. The NYSE All Common Index, at $52.65, shed 8 cents on the day but was still up 71 cents on the week. Rises and falls were evenly matched at 721-717, while the volume dropped 11.69m. shares to 31.54m.

Good news from Washington of an agreement by House-Senate negotiators to end Federal Price controls on Natural Gas by January 1, 1985, helped market sentiment.

Profit-taking in the wake of this week's strong advance was also seen as a factor.

Among bullish factors, analysts cited the Government's report of a 2.2 per cent. rise in U.S. Retail Sales in the week ended April 15. This follows a 1.2 per cent. increase the previous week.

The Government also said U.S. Durable Goods were up 2.1 per cent. in March compared with a 5.1 per cent. increase in February and a 4 per cent. decline in January.

White Motors rose $1⅜ to $8¼, despite a plant closing and a first quarter loss.

Varo picked up $2 to $15.

Bates Manufacturing advanced $4⅜ to $43¼—it is being wooed by Koch Industries.

Pan American firmed $⅛ to $6¼—it reported its first profit for March in ten years.

THE AMERICAN SE Market Value Index was up 0.12 to 135.43, making a rise of 0.74 on the week.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Digital Equipt.	299,000	40¼	−1½
Black Decker	277,600	17½	+¾
Varo	274,300	15	+2
American Airlines	270,700	8¼	+¼
Sears Roebuck	262,300	24	−⅛
Rollins	256,300	17	—
Amer. Airlines	238,200	11½	+¼
Eastman Kodak	211,000	47¼	−¼
Lockheed	202,100	22¾	+⅛
Fannie Mae	176,500	15	−⅛

OTHER MARKETS

TOKYO—Sharply lower after profit-taking and liquidations pared early gains, despite Government measures to cut Japan's balance of payment surplus. Volume 300m. (380m.) shares.

Export-oriented Electricals, Vehicles and Cameras led falls.

Public Works, Pharmaceuticals and Petroleums also fell.

CANADA — Mixed trend in active trading, with the Toronto Composite Index off 0.4 at 1,086.5. Metals and Minerals lost 6.7 to 908.1, Utilities 0.26 to 167.60 and Banks 0.51 to 259.19. But Golds moved up 19.6 to 1,225.2, Oil and Gas rose 1.8 to 1,410.8 and Papers firmed 0.42 to 113.17.

PARIS—Further improvement on Prime Minister Raymond Barre's speech on Wednesday.

Several Banks, however, fell.

U.S. and Canadian shares firmed, Germans and Oils eased. Golds gained but Coppers weaker.

BRUSSELS—Mostly higher in moderate trading.

UCB unchanged at Frs.936 after announcing a nil 1977 dividend.

U.K. and French stocks mixed, Germans steady, Dutch little changed, U.S. rose. Gold Mines higher.

OSLO — Industrials barely steady, Shippings easy.

VIENNA—Leading Industrials fluctuated narrowly.

COPENHAGEN—Closed yesterday.

SWITZERLAND—Barely steady in very quiet trading. Investors' interest shifted to Foreign sector, particularly Dollar stocks, while Domestic shares remained largely neglected.

Domestic and Foreign loans eased slightly in quiet dealings.

AMSTERDAM—Mixed trend. Shippings and Transports mostly weaker.

State Loans edged lower.

MILAN—Mixed to lower in quiet trading.

Insurances all higher, Financials mixed.

Bonds active and firmer.

GERMANY—Prices once again came under pressure but losses were generally light.

Banks shed up to DM2.00. Major Chemicals and Steels little changed. Motors steady to marginally lower. Stores and Utilities declined by as much as DM2.00.

HONG KONG—Closed yesterday—Queen's birthday.

JOHANNESBURG—Gold shares generally higher in moderate trading.

Financial Minings also mostly higher in slack trading. Other Metals and Minerals firmer.

Industrials quietly firmer.

AUSTRALIA—Mostly easier.

Peko fell 12 cents to $4.90 and Central Norseman 10 cents to $7.10 following U.S. Treasury gold announcement.

AWA rose 10 cents to $1.83—it helped develop microwave landing system voted for by International Civil Aviation Organisation.

Indices

NEW YORK —DOW JONES

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Apr. 14	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	812.80	814.54	808.04	803.27	810.12	795.13	817.74 (3/1)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.20	88.28	88.42	88.38	88.55	88.64	90.86 (4/1)	88.20 (12/4)	—	—
Transport	220.38	220.48	217.72	216.16	216.30	215.77	220.59 (21/4)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.77	105.75	105.55	104.87	105.72	106.09	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	31,540	45,230	55,080	38,850	63,500	52,280	—	—	—	—

* Basis of index changed from August 24.

	Apr. 14	Apr. 7	Mar. 31	Year ago (approx.)
Ind. div. yield %	5.86	6.06	6.18	4.49

STANDARD AND POORS

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Apr. 14	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	105.82	104.10	105.58	102.97	104.15	102.55	104.15 (17/4)	95.52 (6/3)	154.64 (11/1/73)	3.52 (30/6/32)
§Composite	94.34	94.54	93.86	93.45	94.45	92.92	94.54 (20/4)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Apr. 19	Apr. 12	Apr. 5	Year ago (approx.)
Ind. div. yield %	5.14	5.36	5.39	4.23
Ind. P/E Ratio	8.94	8.66	8.48	10.41
Long Govt. Bond yield	8.30	8.34	8.32	7.62

N.Y.S.E. ALL COMMON

Apr. 21	Apr. 20	Apr. 19	Apr. 18	1978 High	1978 Low
52.65	52.73	52.36	52.16	52.73 (20/4)	48.37 (6/3)

Rises and Falls

	Apr. 21	Apr. 20	Apr. 19
Issues traded	1,898	1,910	1,921
Rises	721	1,018	872
Falls	715	475	625
Unchanged	462	417	424
New Highs	88	144	—
New Lows	17	21	—

MONTREAL	Apr. 21	Apr. 20	Apr. 19	Apr. 18	1978 High	1978 Low
Industrials	179.41	179.69	180.54	180.67	181.47 (17/4)	162.90 (16/2)
Combined	188.52	188.82	187.19	187.21	187.35 (17/4)	170.82 (30/1)
TORONTO Composite	1086.5	1086.9	1087.6	1087.2	1091.4 (17/4)	998.2 (30/1)
JOHANNESBURG Gold	184.9	183.0	187.4	184.5	216.7 (1/2)	183.0 (20/4)
Industrials	211.6	211.5	210.6	208.8	214.4 (4/1)	184.[illegible] (15/3)

	April 21	Previous	1978 High	1978 Low
Australia (¶)	468.94	471.80	479.45 (5/1)	441.19 (1/3)
Belgium (‖)	100.05	100.22	100.28 (18/4)	90.45 (12/1)
Denmark (**)	(c)	95.06	96.13 (9/1)	94.00 (6/3)
France (††)	68.2	67.1	68.2 (21/4)	47.6 (3/2)
Germany (‡‡)	775.1	778.8	816.7 (10/2)	775.1 (21/4)
Holland (§§)	79.3	79.3	82.1 (10/2)	76.0 (4/4)
Hong Kong (¶¶)	(c)	448.91	451.67 (4/4)	383.44 (13/1)
Italy (‖‖)	60.54	60.40	63.56 (6/3)	55.45 (10/1)
Japan (a)	411.83	415.09	416.11 (19/4)	364.04 (4/1)
Singapore (b)	303.96	304.41	304.41 (20/4)	282.00 (1/6)
Spain (d)	—	94.77	96.40 (10/1)	87.00 (17/3)
Sweden (e)	381.91	383.16	383.16 (19/4)	326.74 (3/1)
Switzerl'd (f)	287.9	289.0	296.36 (1/4)	280.4 (10/3)

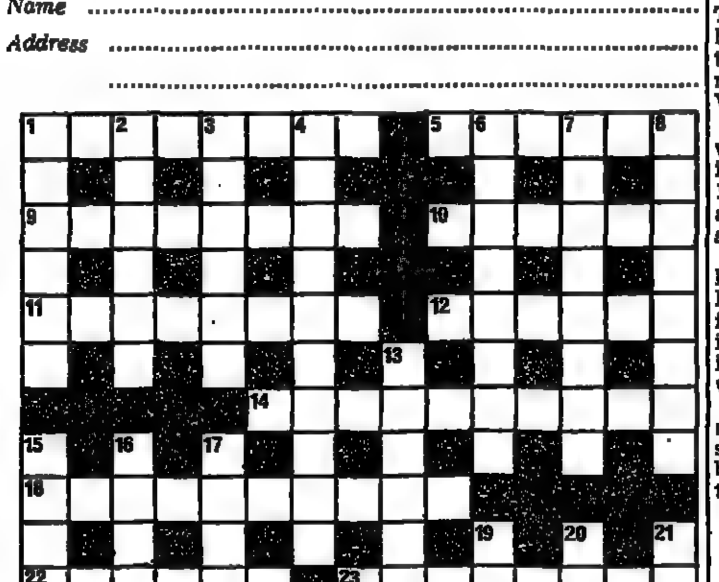
Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

F.T. CROSSWORD PUZZLE No. 3,649

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



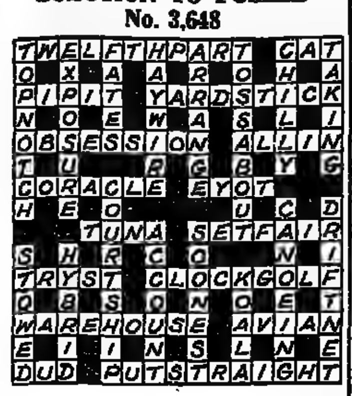
ACROSS

1 Flag here for late news (4, 4)
5 Plea to let Cockney chap through can be seen throughout the book (6)
9 Leaving boy to see the events (6, 2)
10 Surprised expression by artist on board can be annoying (6)
11 Poet crowned as a rule maybe before tea-break (8)
12 Dust women have to face (6)
14 Film of lightweight magician (6, 2, 2)
18 Bob major requires sound ending of watch (5, 5)
22 Entice good man to enter Sheen (6)
23 Place for bar offers refuge (4-4)
24 Corresponding thanks to man on tiles (6)
25 Fan facing a screen (8)
26 Voiced by child worker (6)
27 Risk taken by railway going to court (8)

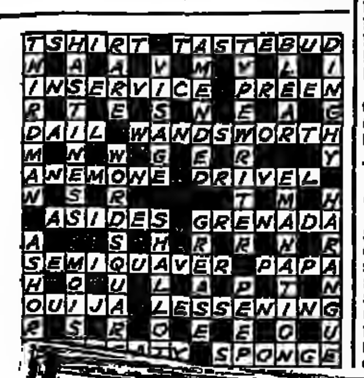
DOWN

1 Bargain for old woman with broken leg (6)
2 Saved from being unable to get about (4, 2)
3 King for example to stick up attacker (6)
4 Temporary circuit fault not recorded by dunderhead (5-5)
6 Snake from Canaan? Do take another form (8)
7 Dismiss workers including half at Rugby (5, 3)
8 Fail to appreciate that Frenchman is above reward (8)
13 Pin down foreign language offering 22 at one's finger tips (4, 6)
15 Members of Admiralty put authentic stamp on equity shares (3, 5)
16 Cracker at breakfast table (3, 5)
17 Way to encourage fish (8)
19 Man set on renovating part of plant (6)
20 Doctor got up in surly mood (6)
21 Give away flutter coming on beam (6)

SOLUTION TO PUZZLE No. 3,648



SOLUTION AND WINNERS OF PUZZLE No. 3,643



Following are the winners of last Saturday's prize puzzle:

Mr. C. J. Cazalet, 2 Turneville Road, London W14 9PS.

Mr. P. Collins, 38, Horseman Close, Marston, Oxford.

Mr. A. S. Woodhams, 6 Avenue St. Nicholas, Harpenden, Herts.

Shifting Gold looks a sound investment

RACING

BY DOMINIC WIGAN

THE SPOTLIGHT switches briefly back to the jumping scene to-day as Sandown stages the last major chase of the season, the Whitbread Gold Cup.

This intriguing 3m. 5f. event, which was among the forerunners in sponsored events, has attracted 15 runners, as it did a year ago, and a highly competitive race seems assured.

Although the joint market leaders, Fort Devon and Master H, are well fancied to make up for disappointing recent efforts in the highest grade, it is Shifting Gold who looks the best each-way value.

Ken Bailey's much-improved nine-year-old won three successive races between mid-November and early January, including the Anthony Mildmay Peter Cazalet Memorial Chase over to-day's course and distance.

A reproduction of the form which saw him saunter home from Evander in the Anthony Mildmay—a race which he had sewn up a mile out—should see Michael Dickinson's mount safely home.

I take Shifting Gold to win at the chief expense of another Sando wnspecialist, the Michael Thorne trained Spartan Missile, whose winning sequence was only broken through an uncharactedistic jumping error last time out.

For flat racing enthusiasts, the two most informative races on the card may be the Westbury Stakes and the Classic Trial Stakes.

In the Westbury, The Minstrel's Derby victim, Hot Grove, can get back on the winning trial with a win from Classic Example; while in the trial I like the chance of the latter's course-winning stable-mate, Bolak.

For Yorkshire racegoers there is possibly no better bet than the Edward Hide mount Middleham among the runners for Thirsk's opener, the Clifton Stakes.

This Ernie Weymes juvenile showed that further improvement would be forthcoming when running green in his last successful outing. It will take a nippy two-year-old to lower his colours.

SANDOWN

1.45—Joleg
2.15—Hot Grove*
2.55—Shifting Gold**
3.35—Bondi
4.10—Bolak
4.400—Glenbest

THIRSK

1.30—Middleham***
2.00—Beethoven
2.30—Alexanda The Great
3.00—Woodchat
3.30—Mellow Girl
4.00—Jubilant

SINGAPORE

April 21	$	April 21	$
Industrials		Straits Trad'g	6.70
Bovis	0.66½	Times Pub. Berhad	3.12
Boustead Co.	1.76	U. Engineers	1.25
Boustead Bhd	2.46	U. Ov's. Bk.	3.10
Dunlop	†3.72xa	Wearne	2.77
Esso	2.90	Tractor	3.92
Fraser Neave	4.40	Chemical	2.40
Haw Par	0.90½	Wilim Jacks	1.11
Hume Ind.	1.66	Rubbers	
Inchcape	1.92	Batu Linnang	1.70
Jardine	2.02	Dunl'p Estate	3.14xd
Malay Brew.	†5.10xd	Kempas	3.92xd
Malay Cemt.	†2.70	Tins	
Mal. Tobacco	†6.20	Austral. Am.	†4.28xd
Met. Bx. Sing	2.7xd	Berjuntai	†7.20xd
Ov's Chin. Bk	6.70	Kampar	—
Pan Electric.	1.76	Kinmat	—
Robinson Co.	2.49	Kuchai	—
Rothman	3.78	Lower Perak	—
Shell	†2.15	Petaling Tin.	†5.40
Sime Darby	4.48	Supreme Cp.	—
Cold Storage	2.23	Tongkah Har.	—
Straits Steam	2.87		
Straits Times (1975) Ltd	†6.05		

SPAIN ♥

April 20	Per cent.	
Asland	115	+1.50
Banco Bilbao	260	+2
Banco Atlantico (1,000)	225	+5
Banco Central	318	+3
Banco Exterior	282	+2
Banco General	274	+2
Banco Granada (1,000)	157	—
Banco Hispano	217	—
Banco Ind. Cat. (1,000)	180	—
B. Ind. Mediterraneo	192	+2
Banco Popular	222	+2
Banco Santander (250)	350	+5
Banco Urquijo (1,000)	229	+1
Banco Vizcaya	222	+3
Banco Zaragozano	300	—
Bankunion	141	+3
Banus Andalucia	223	−1
Babcock Wilcox	29	—
CIC	78	—
Dragados	238	+2
Inmobanif	83	—
E. I. Aragonesas	60	+3
Espanola Zinc	105	+2
Expl. Rio Tinto	101	+1
Fecsa (1,000)	67	−0.50
Fenosa (1,000)	60.50	—
Gal. Preciados	72	−3
Grupo Velasquez (400)	165	—
Hidrola	76	—
Iberduero	72	—
Olarra	161	+1
Papeleras Reunidas	66	+3
Petroliber	120	−2
Petroleos	179	+6.50
Sarrio Papalera	71	+2
Sniace	46	+2
Sogefisa	120	—
Telefonica	89.25	+0.75
Torras Hostench	92	+3.50
Tubacex	108	+0.50
Union Elec.	72.50	—

BRAZIL

Apr. 20	Price Cruz	+ or —	Div. Cruz	Yld. %
Acesita	0.98	−0.05	0.12	12.24
Banco do Brazil	2.36	−0.02	0.17	7.20
Banco Itau	1.15	.....	0.16	13.91
Belgo Mineira OP	1.76	−0.01	0.12	6.82
Lojas Amer. OP	2.85	−0.20	0.20	7.02
Petrobras PP	2.75	−0.10	0.10	3.64
Pirelli OP	2.50	.....	0.16	6.40
Sousa Cruz OP	2.62	+0.01	0.23	8.78
Unip PE	7.10	+0.08	0.20	2.82
Vale Rio Doce PP	1.51	−0.03	0.13	8.61

Vol. Cr.92.3m. Shares 44.5m.
Source: Rio de Janeiro SE.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊕ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to $106¾% (109¾%)
Effective rate (1.8260) 45½% (46½%)

NEW YORK

CANADA

GERMANY ◆

PARIS

AUSTRALIA

TOKYO ¶

STOCKHOLM

BRUSSELS/LUXEMBOURG

AMSTERDAM

COPENHAGEN ♣

SWITZERLAND ⊕

MILAN

OSLO

VIENNA

JOHANNESBURG

Securities Rand $U.S.0.73½
(Discount of 35.87%)

FINANCIAL TIMES SURVEY

Saturday April 22 1978

Personal Financial Planning

This survey discusses the main considerations involved in personal investment, including portfolios, taxation, pensions and retirement provisions

Balancing risk and reward

By Adrienne Gleeson

WITH the rate of inflation in Britain now down to less than 10 per cent. after three years in which it has been well into double figures, you would think, to hear the politicians talk, that the days of wine and roses were with us once again. And in all probability they are right. The Budget may not have done all that much to help, but real incomes are set to rise this year; and the retail sales figures and the housing market both indicate already that at least a part of this new-found affluence will be spent. All of which is quite satisfactory, and not simply for its implications for unemployment in the manufacturing and construction industries. It's satisfactory in terms of individual financial strategy as well. For the days of wine and roses are, in all probability, not going to last for very long.

It is not simply that the rate of inflation looks set to rise again in Britain towards the end of this year—an end to wage restraint and a relaxation of monetary controls will see to that even if the impact of imported inflation does not. Nor is it simply that an inflation rate of going on for 10 per cent., however great an improvement on what has gone before, is still a great deal too high to allow for a steady, satisfactory rate of economic growth. It is also a matter of the lack of an adequate alternative use for the money.

There is no investment in Britain at the moment which will provide a safe and satisfactory real return, never mind a safe and satisfactory real return after tax. The nearest thing to it is, on the one hand, the index-linked retirement issue of National Savings Certificates—where the return is real and safe but, at 4 per cent. after the fifth anniversary of the purchase, hardly satisfactory; and on the other, high coupon gilts, where the return (in terms of income) is real and just about satisfactory, but—given the erosion of capital values over the past two weeks, never mind the past 20 years—hardly safe.

Of course it is possible to invest for a real return, and to achieve it too: the performance of gilts over the past two years, the performance of some equities, and of some equity funds—notably the extremely successful recovery funds—demonstrates as much. But to achieve a real return it is necessary to go for capital gains; and investing for capital gains is a risky business. Small wonder that most people would rather put their money into real assets instead.

The emphasis may change a little, of course, in the wake of this latest budget. For the moves to relieve the small investor of most of the liability to tax on his capital gains (the threshold for the tax has been raised from disposals of £1,000 to gains of £1,000, and the following £4,000 of gains attracts tax at only 15 per cent.) has effectively increased the return to which he can look from investment on his own initiative. But it will take more than this to send the individual investor into a market in which he needs a return of around 7½ per cent. to cover his dealing costs alone. It will take a bull market of the kind for which Wall Street now appears to be ready and waiting.

It is plain enough from the level of money recently attracted into American funds that the U.K. investor is far from immune to such excitement; and it is also plain from the level of money going in that he is very far from broke. It is a curious fact that, while the effects of redistributive taxation have certainly been felt at the top end of the scale of private affluence (though the historically depressed level of security prices may have exagerrated its apparent effect), the net result looks likely to be a considerable increase in the level of capital held (in various forms) by the middle income groups. And that is despite a sharply progressive tax system which has tended to squeeze incomes in this range much more tightly than those in a lower income bracket. The reasons, of course, are to be found in our present systems of tax relief.

Inevitable

At a time when it is all but impossible to find an investment which offers a real and secure return, and when our taxation system ensures that if such a return is available it shall attract tax at a rate which makes it barely worth the effort of obtaining, it was presumably inevitable that tax avoidance should assume an importance out of all proportion to the actual level of income saved. And not simply tax avoidance of the artificial variety against which the Chancellor has made it plain that he now intends to proceed: but tax avoidance of the day-today variety conferred by reliefs for insurance premiums and mortgage interest. Cutting down on the taxman's take has become the lynchpin of all financial planning.

Whether it stays that way depends, in part, on what happens to the economy. Tax planning is, after all, all too often a sterile exercise in mental ingenuity, and it cannot compare for satisfaction of the financial or any other variety with the results of a really good investment. It depends, too, on what moves Chancellors make to trim the present complexities of our tax system. Mr. Healey's latest budget, for all that it left some of the worst of the anachronisms—like Stamp Duty—intact, did at least indicate some willingness to stand back and take a look att he wood, rather than concentrating on the trees.

But it depends, too, on whether any Chancellor has the courage—and the time—to undertake the radical revision of our tax system which is now overdue. The Meade report, with its suggestions for the replacement of taxes on income with taxes on expenditure, gave one indication of the direction which such a reform might take: but the signs are that it will be a long, long time before its recommendations make their mark.

With the Chancellor now proposing to introduce a second bout of restrospective legislation it would be foolish for anyone to claim that at least we know, for the moment, the grounds upon which financial planning must be based. For the general run of individuals arranging their financial affairs, however, the scope for tax avoidance looks sufficiently clear cut: after all, in terms of mortgage relief and relief on life assurance premiums, at least, there are just too many vested interests involved for any Chancellor to meddle with impunity.

So the guidelines for financial planning remain the same: maximise tax reliefs; borrow in moderation; buy rather than re nt; buy now rather than later; and keep the insurance values up to date. Insofar as things change, this year, they are likely to change in the markets. There may be no such thing as a safe and satisfactory real return to be had: but it looks as though there may well be plenty of opportunities to balance risk and reward.

Bonds of marriage

THE SECOND question which anyone planning matrimony has to ask (the first is obvious enough), is how to find somewhere to live, and how to set about buying it. Because the rental market, at least for British residents, has been so distorted by legislation it is hardly a viable alternative to the path of owner-occupation. Buying property is, however, likely to prove a tricky operation at the moment.

First-time buyers do have an advantage—assuming that they can get the deposit together. Building society after building society has this year been proclaiming its social virtues in lending to the people who come in for the first time round; as a rough average perhaps 40 per cent. of all new lending might be going in their direction. That does not alter the fact, however, that they are likely to find that they may not get quite as much as they want; and that they are almost certain to find that they have to wait for it.

If the great rise in house prices forecast for this year is now over—and it rather looks as though it might be, except for isolated pockets where peculiar conditions of supply and demand prevail—that will not necessarily be much of a hardship. Certainly it does nothing to detract, in the long run, from the virtues of investment in a house or flat. There cannot be many opportunities to compare with that under which the owner occupier can borrow at considerably less than the rate of inflation to put money into an asset which provides accommodation now and a tax free capital gain later on.

The mortgage which the would-be owner occupier should choose depends almost exclusively on the amount he can afford to spend on his repayments. After tax relief, a straight repayment mortgage is cheaper in the earlier years; but as the interest element runs off and the tax relief diminishes, monthly repayments rise. Obviously for most owner-occupiers it is the early years which prove the most taxing in terms of the strain on their cash flow. But those who anticipate that their other commitments will build up might well be advised to choose either the option or the low-cost endowment method.

"Other commitments," for a couple on the point of setting up house together, most obviously means children. For anyone planning on private education there are very strong arguments for making financial arrangements at the earliest possible moment. It is not so much that if they put their money into one of the charitable trusts which exists to provide for the later payment of school fees they will end up much the better off in financial terms; but they will have spread the load. And with the fees at most boarding schools now approaching £2,000 a year—and payable out of net income—it is a load which definitely needs to be spread over as many years as possible.

Most families living off earned income would not in fact be able to contemplate such expenditure—not unless there was help from grandparents, say, under the CTT exemptions, or both partners could command extremely high salaries. In that case it would pay them to sort out their tax position.

Exceptions

For the purposes of taxation a husband and wife living together are regarded as one unit and the husband is that unit. Thus their incomes are added together and the husband pays tax on it. However, there are two exceptions to this. Couples can choose to be separately assessed, in which case the ultimate amount of tax paid is the same but the reliefs will be apportioned between them and each will be responsible for their respective share of the tax due. The second, and more important exception is that of non-aggregation, which provides potential tax saving for high earning couples. A husband and wife can elect to be taxed as single people, so losing the difference between the married and single allowances, but gaining two sets of lower tax bands. However, it is important to remember that this right is limited to the earned income of the wife and any unearned income will still be treated as part of the income of the husband. Therefore it is no use transferring all one's income bearing assets to one's wife, and then electing for separate assessment.

For purposes of CTT, the united character of the matrimonial unit works in favour of the taxpayer. Thus no CTT is charged between a husband and wife living together as long as both are domiciled in the U.K. This only applies, however, during the subsistence of the marriage. Thus gifts after a divorce will only be exempt if they fall within an exemption in that they are for the maintenance of the family; and where a couple are buying a house jointly before marriage with funds provided by only one partner, it is better for this to be done by way of loan (rather than a gift), which can then be forgiven after marriage with no tax consequences. Otherwise it will be treated as a non-exempt capital transfer and will be caught.

Marriage provides opportunities for others to make non-taxable gifts, £5,000 for parents, £2,500 for grandparents and £1,000 for anyone else. Use of these will certainly give any couple a good start.

A.G.

Deciding the portfolio mix

JUST AS investors were getting used to an unaccustomed stability in financial markets, last week's Budget led to a renewed bout of gyrations. Gilt-edged, equities and sterling *have all come in for renewed* sharp pressure, while events on Wall Street have shown that volatility is not confined to Britain. So investors have been given a sharp reminder that the *financial* environment remains one of high risks.

Still, there is no disguising the fact that the decline in the rate of inflation over the past year has produced benefits for most forms of investment. The latest year-on-year figure for the growth of the retail price index is 9.1 per cent., and a further fall to around 7 per cent. can be confidently predicted for the early summer.

Unfortunately the rate is then likely to accelerate once again, if only modestly. The Treasury is expecting 8 per cent. inflation over the next 12 months, and some more sceptical economists in the City are predicting more like 10 per cent. The recent decline in sterling has caused expectations to be raised somewhat.

But, this is a much better *prospect than the double digit* inflation rates of anything up to 27 per cent. which have been experienced during the past few years, and long-dated gilt-edged securities yielding close to 13 *per cent. now* offer a *reasonable* real return.

Official statistics make it plain where savings have been flowing in the recent past. A spectacular £5.7bn. was invested in *building societies in 1977, while* rather more than £1bn. went into various forms of National Savings; the personal sector bought a little under £1bn. worth of gilt-edged securities.

In contrast, *the rise in deposits* with commercial banks was modest (only £560m.) and private investors continued to unload shares and other company securities to the tune of £1.7bn. in just the first nine months of the year. But while the older members of the investment community were dis*posing of their portfolios*, the younger generation was subscribing heavily for institutional life assurance and pension schemes. The net inflows to these institutions probably approached £7bn. last year.

Recent patterns have reflected a combination of risk aversion on the part of investors and a strongly discriminatory tax system. The major beneficiaries of the low-risk preferences have been the building societies, able to offer safety and liquidity (as well as reasonably high nominal yields) to investors frightened *out of shares by the market collapses* of 1974 and 1976.

Meanwhile the occupational pension funds have been collecting tax-deductible contributions on an ever-increasing scale *and the life assurance offices* have been heavily marketing self-employed pension plans, although normal savings-type life assurance business has only recently been picking up after a lull during 1977.

Investors have been taking full advantage too of the tax privileges involved in home ownership. The recent surge in house prices, for all the expressions of political unease, has been a hidden bonanza for all house owners. It will have enhanced the Englishman's conviction that his home is his treasure chest as well as his castle.

But the strength of house prices serves only to compensate for a period of several years during which most house values have been lagging seriously behind general inflation. Whatever the temporary features of the U.K. economy, the investor can only come to one conclusion when he surveys the world scene—that the world economy has entered a much more sluggish phase than has been seen since the 1930s.

So in planning portfolio strategy the investor has to bear in mind the possibility that the world economy—with inevitable repercussions upon U.K. markets—is entering a deflationary period. Certainly, efforts by governments to pump up national economies are having relatively little effect.

Inflation is tending to ease in most countries of the world, while production stagnates and unemployment mounts. Great world industries like steel, oil, chemicals and shipbuilding are seriously depressed. At best a period of difficult readjustment lies ahead, while at worst the year 1984 has been ringed round by devotees of the Kondratieff wave theory as markings the likely onset of the next full-scale world depression. It could come earlier.

Danger

But while the prospects for the real economy are rather dull—the Treasury is now finding it hard to predict a growth rate of much more than 3 per cent. over the next year—there is still a danger of monetary excesses. It is not large, for the Treasury has learnt important lessons from the disasters of recent years. But the alarmed reaction by the City to the Budget and the subsequent hints by Ministers of more giveaways to come in July showed clearly that nerves are still tightly stretched.

Portfolio strategy in 1978 will reflect the continuing uncertainties, but will be biased towards taking advantage of opportunities in the bond market. Even some short-dated gilts yield 10½ per cent.

The difficulty is of course that the Government has a great quantity of gilt-edged to sell over the next year—around £5bn.—and this will restrain prices. Long-term institutions tend to look mainly at the yield rather than the price of gilt-edged stock, but private investors naturally like to show a profit over the purchase price.

In these less inflationary circumstances the virtues of inflation hedges will naturally s… less important. Returns on index-linked National Sa… schemes will, for instance fairly low over the next … Gold has recently been wea… *ing on world markets*, an… such conditions more traditi… inflation-proof assets like … and fine art will tend to … some of their appeal.

Nevertheless a substa… investment in U.K. equities … be required. Current purch… will be directed towards … panies outside the main a… of industrial overcapacity, … towards shares where divi… income could benefit subst… ally from the projected li… of dividend restraint.

The shape of any private p… folio must of necessity re… the particular requirement… the individual investors. … general, tax considerations … make the private investor … enthusiastic about gilts than … institutional fund manager. … the same, something like a … of the average portfolio sh… be invested in gilt-edged, p… ably concentrating on … coupon stocks when the inve… is in a high tax bracket.

Around 40 to 50 per c… should be allocated to … equities, and a further 20 … cent. or so should be inve… in U.S. equities. With the … vestment dollar premium ri… rapidly in recent weeks … *direct route for U.S. investm…* has been made excessively r… for private investors unabl… contemplate loan-financed … portfolios, so it makes be… sense in current conditions *invest through the many inv…* ment trusts and unit tr… which specialise in the No… American scene.

This leaves about 10 per c… of the portfolio in cash, an… *per cent. or thereabouts is f…* for dabbling in other over… equities such as gold mines … Far East counters.

Barry Ri…

Guide to Capital Transfer Tax

UNTIL RECENTLY thoughts of mortality could, as far as one's worldly goods were concerned, be left until death loomed on the horizon. Property would then be given away, hopefully, seven years before the event, *and death duties could thus be* avoided completely. The knowledge that large fortunes were changing hands untaxed was a source of major irritation to the Inland Revenue, but death duty commonly came to be regarded as a voluntary tax. To close this loophole, and also to prevent transfers of funds before the introduction of a possible wealth tax, Capital Transfer Tax (CTT) was introduced in 1975.

This tax catches all transfers of capital during lifetime and at death, beyond an initial free estate of £25,000. There are specific exemptions, but as several of these have to be used up in a single tax year and are not cumulative, it is important to plan a strategy to give away capital as early as possible in life. But it is also necessary to remember that it is not worth saving tax to spite the Revenue—not at the expense of a pauperised lifetime.

Of court CTT does not apply to transfer of income, but the Revenue will only allow a certain amount of income to be given away. The donor must be able to maintain his standard of living on the remainder. So it is not possible to reduce capital *by living on it, and at the same* time to give away all one's income—although where a husband and wife both have incomes, and he takes care of all the household expenses, her income might be applied for such a purpose.

As tax is paid on the loss to the donor's estate rather than on the benefit to the donee, the tax payable—if paid by the donor rather than the donee—can often be much larger than might be appreciated. Thus if the rate applicable to gifts from the donor's estate is 50 per cent. and he makes a gift of £5,000, the tax on that gift, if paid by *him, will be £5,000 and not* £2,500 as might be thought. This is because the gift will be grossed up to include the tax on it, and be treated as a gift of £10,000 tax paid. If however the donee paid the tax, it would amount to £2,500, as the loss to the donor would be the same as for a gift of £2,500 tax paid.

Differ

The rates on lifetime transfers after death differ, and where gifts are given away within three years of death the difference between the rate payable will be clawed back. Although this will be levied on the donee and not on the estate, it might be desirable for the donor to provide for funding the difference if he wishes the gift to be tax-free. At any rate, the beneficiary of the gift should enquire as to his benefactor's tax rate; and where his liability might be substantial it would certainly be worth his while to insure against the possible liability—assuming that is, that the state of his benefactor was not too precarious to make the premiums prohibitive.

Transfers between spouses domiciled in the U.K. are completely tax-free, and wills using the surviving spouse exemption—a common clause before CTT was introduced—should therefore be reviewed. However, if the whole estate is left to the spouse it is possible that there would be a higher liability to tax than would otherwise by the case, on the second death. This is because not only would there be only one, rather than two free estates of £25,000 (assuming this threshhold has not been used up during the donor's lifetime), but also, since the rates of tax are progressive, the lower tax bands would be used only once, rather than twice. Thus it makes sense to split an estate between husband and *wife, where this would not cause* hardship to the survivor.

Another reason for splitting such an estate is that each spouse can then use the annual capital exemptions. Each can give away £2,000 each year without incurring tax and also any number of small gifts of £100, so long as they are to different recipients. Also specific exemptions such as those on a wedding—£5,000 from parents, £2,500 from grandparents and £1,000 from others—can be used twice over.

Other exemptions are designed to encourage philanthropy. Gifts to charities or political parties are totally exempt when made during the donor's lifetime and exempt up to £100,000 when made on or within a year of his death. Gifts for national purposes or for the public benefit, such as *gifts to museums* or to the National Trust, are completely tax-free, whether they are made during life or by will.

It is important to remember that an *individual's history of* giving runs from birth to death, and that CTT rates increase cumulatively. It can therefore be important to decide in which order to give gifts, when making several, as this might affect the incidence of the tax. Care should also be taken on deciding what to give. A gift of something likely to increase in value will give rise both to lower CTT and lower capital gains tax if given now rather than later.

The chargeable estate for CTT purposes includes not only property owned absolutely but also that in which a beneficiary has an interest under a trust fund.

So if someone has capital of £100,000, and is the life tenant of a trust worth £½m., the tax payable on his estate on death will be at the rate applicable to an *estate of £600,000*. In fact cessation of any interest in a trust is rated as a transfer of capital. That means that successive interests should be avoided. To leave money on trust for one's children, and then grandchildren, will give rise to an initial charge, and then another charge on the cessation of the children's interest, in the same way as if the actual capital had been transferred twice. Such a situation should be avoided, unless the intermediate beneficiary really needs the money.

Where there is no interest in possessions, as with a discretionary trust, the fund will be treated even more harshly. Discretionary trusts used to be a very popular and flexible way of saving tax and providing for future needs as they arose. However, it is very *unlikely* it would be worth setting up such a trust under the new legislation, as not only is tax charged on every distribution from the fund, and on interests in possession when they come into being, but a periodic charge will also arise where no distribution is made. Under this, 50 per cent. of the rate which would be applicable to an actual distribution is levied on every 10th anniversary of establishment of the fund falling after 1980.

Because of the harsh treatment given to such trusts, transitional relief is given. If the fund is distributed, or an interest in possession arises before 1980, a lower rate of CTT is charged than would otherwise apply. In most cases advantage *should be taken of this before* the axe falls.

Because of traditional difficulties associated with trusts—feelings of guilt at challenging the activities of trustees who are friends or members of the family, beneficiaries wanting to get hold of the capital and so *on, coupled with the new legis*lation, it is likely that fewer trusts will be set up in the future—unless, that is, they come within specific exceptions, as do accumulation and maintenance *trusts for beneficiaries* under 25.

Because the rates of tax applicable rise cumulatively with the amount of capital distributed, it is important to review one's will regularly, and to calculate the tax that would be payable. This is particularly important with regard to gifts of residue, which, even if they appear to be substantial, can be wiped out if the full burden of the tax falls on them. Attention should be paid to whether gifts should bear their own tax or not.

Finally, what if the family disagree with the bequests made, either because they will lead to a higher tax liability or for other reasons? Where this is the case and the assets are redistributed by a deed of family arrangement within two years of the death, the redistribution will not be treated as a capital transfer by the participants, and no further liability to tax will occur.

Helen Whitford

PERSONAL FINANCIAL PLANNING III

The self-employed

OUR FOREFATHERS had one important need for savings, to provide the financial means of living when retired. Nowadays saving towards a pension is done for us, either by the Government or our employer ex*tracting the money painlessly* from our pay packets. The new State scheme, which started earlier this month, will ultimately ensure adequate earnings-related pensions for all employed persons—but not for the *self-employed. They will only* receive the basic State pension —at present £17.50 per week, but going up to £19.50 in November. It is not generous by any means.

Thus savings for retirement is a top priority in the financial planning of the self-employed. This can be a tricky decision, since if you are self-employed, you have to balance resources *between running the business* and providing for your personal needs. That said, too many self-employed still ask themselves whether they can *afford a pension, instead of* considering whether they can afford not to have one.

Encourage

To encourage you in your decision, the Government has given generous tax concessions if you save for your pension *through an approved self-*employed pension plan with a life company. For a start, your contributions attract tax relief at your top rate up to 15 per *cent. of assessable earnings. If* you were born before 1916 the rate is higher, but in all cases there is an absolute limit of £3,000 a year. However, you *can carry over any shortfall in* one year into future years to allow for variations in earnings. Thus if your top tax rate is 50 per cent., the net cost to you is *only half the value of the con*tributions.

Next, the funds into which the life company invests your contributions are tax-exempt, *that is investment income can* be rolled up on a gross basis and there is no capital gains tax.

Finally, on retirement, there is a variety of ways in which you can take the benefits subject to *generous tax treatment.* The payment of the benefit can *be made at any time between* your 60th and 75th birthday, *both* dates inclusive, and you need not have actually ceased work in order to claim the payment. The pension *is* taxed as earned income and can be paid *on your life only, or a lower* rate on yourself and wife or in other ways. But more *impor*tant still, part of that pension, up to three times the amount of pension remaining, can be commuted at "retirement" for *a completely tax-free lump sum.*

If you try to build up your own fund or use most other savings media, you will be penalised at every turn by the taxman. You will have to pay out of taxed income, you will pay tax at the unearned rate on your investment income and when you come to realise your assets you will pay capital gains tax. Taking out a pension plan *with a life company puts the* self-employed on a par with an employed person in a company pension scheme as regards tax treatment.

Yet despite all these advantages it is estimated that less than one-half of the self-employed have any pensions contract. Besides the obvious one that *the assessable earnings* of many of the self-employed are low, the pension scheme itself has one big weakness. In order to qualify for all these tax concessions, you cannot touch the money until you retire, even in the most dire of emergencies.

This is a condition imposed by the authorities, so do not blame the life companies. It does, however, give the invest*ment manager more freedom* in his investment strategy knowing that he does not need to keep a lot of liquid assets against surrenders. The employed person cannot touch *his pension* scheme savings either, but then he is not likely to have to meet the emergencies that a self-employed person might face.

The need for careful planning *in setting aside assets for* pension purposes is paramount. But with this fear of not being able to get at the money, many self-employed still put their money in a building society, simply because it is *readily available.*

But having decided to invest in a pension scheme, your problems are only just starting. There is a variety of contracts *from a host of life companies* from which to make your choice. *After all,* there is enough interest now being shown to make self-employed pensions a best seller, even if the potential for more business is even greater.

Basically there are four types of contract on the market, but some of these have further variants. The first is the non-profit plan where the ultimate pension is completely guaranteed. *Your choice comes* down to the simple matter of comparing rates to see which company offers the best. But because of the guarantee, the *benefits are likely to be lower* than under other types of contract.

Then there is the with-profit contract, which comes in slightly differing *forms.* It essentially provides a guaranteed pension, at a lower rate per unit of contribution than a non-profit plan, but at least every three years the pension *is increased by bonus* additions paid from the profits of the fund. On past performance the with-profit plan has paid a much higher pension than its guaranteed *non-profit* counterpart.

Then there is the building society-linked scheme — the easiest to understand. The *contributions are made into a* fund and the investor's account is credited with interest on a monthly basis from the income on the fund, just like a deposit *account. This rate of interest is* guaranteed to be not less than the mortgage lending rate recommended by the Building Societies Association. When *that rate falls, the accumula*tion rate usually falls with it. At *retirement* the cash sum accumulated is used to buy the benefits—a minimum pension rate is usually guaranteed from the outset. However, with this scheme you cannot do much more than guess the final *amount of pension.*

Finally, there is the unit-linked scheme, where the contributions are used to buy units in the underlying fund. At *retirement the cash value of* the units are used to buy the pension. The underlying funds can be based on equities, property fixed-interest or cash—or in a managed fund which is a mixture of all four.

If these decisions are not enough, you have the choice of taking out an annual *premium* contract or a series of single premium plans. The annual premium scheme will impose upon you the discipline of re*gular savings, but if the con*tract has an element of guarantee, the return is lower. Single premium plans have their rates based on current investment *conditions and no margins are* required. They also provide flexibility in making the contributions, a necessary feature when earnings are variable.

The need for expert guidance is obvious, not only at outset when you decide to take out a plan, but each year when you come to renew or reinforce your *savings. The type of plan used* will depend on your temperament, the nature of the risks and rewards provided and the amount of time you are prepared *to spend reviewing the position.* The ultimate pension will depend solely on the investment performance.

Eric Short

The expatriates

TIME WAS when the British went abroad to spread the gospel, serve the Empire, and see the wilder corners of the world. These days they mostly go abroad for money. It isn't as romantic an objective, of course, but the real problem for expatriates is that *it is not* an objective considered worthy of encouragement by the British authorities *either.* He who would earn abroad has, in fact, to circumnavigate various obstacles, principal among which are three distinct matters which vitally *affect his ability* to acquier money and, having acquired it, to do with it as he sees fit. They are: the question of residence for tax purposes; the question of *residence for* foreign exchange purposes; and the question of domicile.

The advantages are as *follows.* In the first place the expatriate's salary will be free of any liability to income tax in the U.K., even if it is paid from within the U.K.—*given,* that is, that his duties have to be performed abroad. In the second *place,* he will be able to receive —or to accumulate—the returns upon his investment *gross; and* even if he eventually intends to return to the U.K., that will *mean* that his investments are growing more rapidly than they would be were *dividends or* interest to be taxed.

The potential snags are, of *course, that he* might not be able to claim reliefs to which he would be entitled *as* a U.K. resident. Thus, though the expatriate who is buying a house on a mortgage in the U.K. may continue to claim tax relief on the interest that he pays, given that he does not intend to stay abroad for a prolonged period, and that the house in question is to revert to his main residence, *it will not do him* any good unless he has income arising in the U.K., against which he can offset this relief.

This is one of the arguments *for letting* the house during the duration of his spell abroad. The others are obvious *enough:* maintenance and security. As it happens, the expatriate is in a better position than most U.K. residents (under the legislation on *security of tenure*) to let with reasonably certainty of being able to regain possession of his property on his return—although it may, should he have *acquired unscrupulous* or unfortunate tenants, take a considerable amount of time to *do so.*

Income arising within the United Kingdom is almost in*variably* going to give rise to a bill for United Kingdam tax. The questions that the *would-be* expatriate has to settle, are whether the income that he *earns abroad* will give rise to a similar liability; and—given that most expatriates plan to accumulate a nest egg against their return to the United Kingdom—the *treatment* that the Revenue will mete out to the return on his investments. In *each case, the vital issue* is whether or not he can be considered resident.

There is no legal definit ion of residence for tax purposes: common sense applies instead. Someone is likely to be considered "resident" *if he* lives in the United *Kingdom for* the greater part of the year—for anything, that is, over 183 days; and is likely to be considered "ordinarily resident" if the United *Kingdom is* where *he habitually* lives. Obviously there is room for argument at the margin—in the case, for example, of peripatetic salesmen. But for most would-be expatriates, *there* should be no problem in establishing that they are non-residents for tax purposes.

The ease with which he can establish residence abroad for tax purposes often misleads the expatriate into thinking that *freedom from United Kingdom* foreign exchange controls can be acquired with equal facility. To establish residence abroad for the foreign exchange control authorities *takes,* however, *con*siderably more doing. In essence the expatriate needs to be able *to prove* that he intends to stay arboad for four years or more before he can take assets of any significance out of the country without going through the dollar *premium (or some other* route acceptable to the foreign exchange control authorities).

Permission

In *itself* that isn't necessarily a problem—it is possible *to ob*tain permission to take enough abroad to cover relocation expenses, for example, and the object of the exercise is generally to acquire *funds rather than* export them. It is, however, necessary to bear in mind that earnings abroad which are invested in the U.K.—by way, for example, of a Channel *Islands* trust whose dividends, for tax purposes, may very well roll up gross—may not then be reinvested elsewhere in the world at whim: those investments will, just like those originally generated from within the United Kingdom, will be subject to U.K. exchange controls.

So *anyone who is resident* in the U.K. for foreign exchange control purposes—wherever he happens to live, and whatever his status for tax purposes—*needs to think* long and hard about the strength of his belief in the U.K. economy *before he* commits any of his savings to a sterling denominated investment. Putting the whole of his savings into sterling would almost *certainly* be *folly—what*ever the prospects for the U.K. economy. Being in a position to make a choice on currencies, without the handicap which the dollar premium *still imposes,* the rational investor should go for spread with the *object* of, *at the worst,* neutralising parity changes, and at the best of benefiting from them.

For expatriates the subject of investment is a very tricky one indeed. On the one hand a sudden and drastic increase in the level of his investment income very often tempts him into the view that he can afford to take a flyer; on the other, it *is difficult to justify a few years* working under what are often extremely difficult conditions without the prospect of a nest egg safely accumulating for enjoyment once he gets back home.

The *business* is not made any the easier by the fact that he will find it extremely difficult to obtain any information about the managed funds which are the natural vehicle for the inexperienced investor before he *leaves home for the Gulf,* Nigeria or wherever: they are not allowed to promote their services within the U.K. And there is, in addition, the fact that offshore funds are often subject to only the loosest of regulation, and that they may very well *turn out to* have hidden peculiarities which only bitter experience will reveal.

They may, for example, be valued only very infrequently; their front-end loading may be grotesquely high; or they may, quite simply, have slipshod management. *All of this* is very difficult to determine from some outpost in foreign parts: and there is at least a possibility that the advice available on the spot may be of dubious quality. The best advice to the aspiring investor is to establish a liason with a *reputable firm of* financial advisers before he leaves these shores. But he should *not* commit too much of his income to savings in ignorance of the *local conditions:* however high his salary, the most of living is likely to prove pretty startling too.

Assuming that our expatriate investor has not merely established himself in a job abroad which pays a great deal better than *anything* available at home, and permits him, in addition, to roll up the proceeds of his investments gross, is there anything he can do about passing on the capital he has thus accumulated without incurring *liability* to capital transfer tax?

The answer, in all probability, is no. To evade CTT he would have *to establish domicile* abroad: and while establishing residence for tax purposes may take some doing, and establishing residence for foreign exchange *purposes* may take more, to establish domicile abroad is all but impossible. It requires, essentially, a permanent move abroad—a move of the sort which *implies,* not merely a decision to live in the country of choice, but a decision to die in t. That's a very big decision to take, for the sake of leaving the taxman *empty-handed.*

A.G.

Thoughts on retirement

RETIREMENT comes to all of us fortunate enough to survive the hardships of a working life. It should be a time for relaxing, for doing those things we always wanted to do but never had the time. But we will need an adequate income to live on in order to fulfil these plans. There is therefore the need to arrange quite early in our working lives to have a decent pension when we retire.

The new State pension scheme, which started earlier this month, is designed to provide every employed person with an adequate pension, at least for those who retire after the scheme reaches maturity in 20 years' time. This is achieved by relating pensions to earnings during the normal working life.

However, no two persons have the same measure of adequacy. Some of us never have enough money to live on. Current pensioners have to try to make do with £17.50 (£19.50 from next November) a week; no wonder nearly 2m. are on supplementary benefit.

One big disadvantage of the new State scheme is that it does not give any credit for back service before April 1978 in calculating the additional pension. You may have been paying National Insurance contributions for the 30 years since the scheme started, but those contributions do not count in the calculations. If you have only five years to retirement, then only those five years' contributions will apply.

Your first task therefore is to estimate your future pension. If you have been contracted-out of the State scheme and are in your employer's company pension scheme, then the pensions manager should be able to provide this information. Many schemes now provide benefit statements automatically or on request. But with the State scheme you will have to work it out for yourself, not an easy task with a scheme as complex as the new one.

Idea

But a rough idea can be obtained by taking your weekly salary between the limits of *£17.50 and £120; your additional* pension will be 1¼ per cent. of this figure for each year that you contribute to the scheme before retirement. Thus if you are earning £80 a week (the national average) and have five years to retirement, then your extra pension will be 6¼ per cent. of £62.50—that is, £3.90 a week. Add this amount to £17.50 or £28 if your wife has no pension in her own right. Your ultimate pension will be about this level in money terms at the time of retirement and it is inflation-proofed. But it is not really very much, is it?

A company scheme can be much more flexible and give credit for your past service. This is one important reason why many employers contracted-out of the new State scheme and paid the earnings-related pension through a company scheme. The employer could provide a much larger pension for employees with only a few years to retirement. But if you are not contracted-out what can you do?

The obvious answer is to negotiate a topping-up scheme that will provide an additional pension up to the limits permitted by the Inland Revenue. This should be able to substantially help all employees except those within a year or two of retirement. The scheme can be made flexible so that benefits accrue much quicker for the older employees than for the younger employees who will be able to get the full State pension. If you have 10 years to retirement, the Revenue will allow the full two-thirds pension.

Directors and senior executives often find it convenient to have a separate scheme from the main company scheme. This can provide a variety of benefits in a way suited to each executive, and provide senior personnel with a pension commensurable with their salary. The State scheme, because of its ceiling on earnings used in the pension calculation, provides a very low pension as a percentage of earnings. Topping-up is essential for top employees.

If the employer is not prepared to do anything further to *supplement* the State scheme the individual is left to his own devices. Here he will get very little help from the State. You will have to pay out of taxed income, your investments will be taxed as unearned income and when you start to realise the assets, you will pay capital gains tax. You should consult an investment adviser to discuss the best method of overcoming these problems.

So much for ensuring an adequate pension. But retirement is also a time for going on that world cruise or buying that dream period cottage in the country. And for these dreams you will need capital. The State scheme does not make lump sum payments on retirement, another gap in benefit provision.

However, with a company scheme you have the option at retirement of commuting part of your pension to provide a completely tax-free sum of up to 1½ times your final salary (provided you have been at least 20 years in the company scheme).

Now we are all tempted when such a choice is offered us to take the cash and let the future look after itself. But if you are about to retire, stop and think carefully before making a decision. *One must* assess the reduced level of pension after the commutation and consider whether it is going to be sufficient, taking into account the effects of inflation—very few company schemes are inflation-proof. Also your wife will have to make do with only half pension. If you take the lump sum to reinvest so as to boost income all well and good. But if you are going to spend it, make sure it is on something worthwhile.

But if you still have several years to retirement and do want to cut your eventual ... sion, you can save for that ... egg for use at retirement. ... life assurance can fill a ... while providing some tax ad... tages. You can take out a ... ventional with-profits con... which will provide a lump ... at retirement with no prob... as to the timing of cash-in, ... if you are adventurous and ... pared to time the cash-in to ... market conditions, then a li... plan could give you more ... your money.

Boost

If you are already retired ... your pension is inadequate, ... you need to use whatever a... you have to boost your inc... The most straightfor... method is to buy an an... from a life company. ... avoids the worry of whether ... will outlive your capital. ... annuity payment is split ... capital and income and only ... income portion is taxed. T... is, however, one disadvanta... that although a high yie... *provided*, the annuity paym... are usually fixed in mon... terms.

Finally, for many elderly ... sons their main asset is ... house in which they live. ... this asset does not produce ... income. You can sell the h... and move to a smaller one. ... many people want to stay in ... house where they have lived ... so many years. However, ... not lost. There are two life ... panies that still market ... income plans which enable ... elderly to raise a mortgage ... the house and use the mone... buy an annuity. But you ... to be at least 70 and stil... paying at least basic rate t... order for these schemes to ... you a worthwhile return.

Specialist advice

THE PRIVATE individual has always needed to rely on specialist help to sort out or clarify some part of his finances at some stage or other. In the past stockbrokers were sought for advice on investments, bank managers on mony problems, insurance brokers on life cover and unit linked assurance and the solicitor/accountant on legal and tax problems.

But the whole financial scene *has now become so complicated* that individual specialised financial counselling is not only time-consuming but expensive. Wht is now in demand is a service that cin give advice on all forms of financial matters. Those giving specialist advice have not been slow in fulfilling this need.

The problems encountered include inflation and the harsh economic climate. The Stock Exchange has become a highly volatile market dominated by professional and institutional investors while the introduction of Capital Transfer Tax hits personal wealth even more than the estate duty that it replaced.

Regulations and restrictions are for ever changing and there is now almost a need for a periodic appraisal of each individual's financial position. Certainly this is the view of Mr. Hargreaves, director and general manager of Midland Bank Trust, which has just launched a new personal financial service. He points out that "personal financial counselling provides a check up on a person's financial health. Like a medical examination, it can give the assurance that all is well or it cn indicate weaknesses which need attention, sometimes urgent attention."

The new service will be available to anyone irrespective of income or wealth and whether or not they are customers of the Bank. The Midland Bank Trust Company will provide an independent review of a personal finances, covering such areas as income tax, taxes on capital (including Capital Transfer Tax) investment, savings and insurance.

It is claimed that this service will be of particular value to those whose circumstances are undergoing some change. This would take in emigration the prospect of working abroad for some time or returning to this country after a time spent away. The charge for the service will depend solely on the time devoted to each interview but there is a minimum charge of £25 plus VAT which would cover an interview lasting up to one hour; interviews are conducted after the individual has completed a special form which would reduce the time needed for research.

Expanding

The clearing banks have been expanding their range of financial services for some time. Barclays have been particularly aggressive in marketing their unit trusts. This form of investment is ideal for the small investor who is seeking some form of professional management. The lack of confidence to manage his own small portfolio in these difficult markets is plainly illustrated by the success of the funds offering exchange schemes—the fund acquires the individual's portfolio in return for units.

For the larger investor who requires a more personal fund management there is a private portfolio management service offered by the clearers.

The involvement of the clearers in fund management on this scale naturally leads to the criticism that financial advisory services are mainly used to promote the "in-house" funds. To be fair, if the bank was asked about unit trusts it would presumably offer its own product but to abuse the so-called independent advice would soon come to light and put the service in jeopardy.

Midland Bank after all is not the first clearer into personal financial advisory service. Barclaytrust, a member of the Barclays Group, already operates its Money Doctor Service. This service covers the same areas as the Midland Bank scheme and is operated on the same basis; completion of a questionaire followed by an interview.

Stockbrokers have been equally active in the expansion of their investment services. Grieveson Grant, for example, formed a new subsidiary, Grieveson Grant *Financial Services*, in April 1974 to offer comprehensive financial advice. They felt that it was more sensible for private investors to look at their stock market investments in conjunction with their overall financial position. Along with the usual advice on such matters as tax and pensions they also cover annuities and life assurance—Grieveson Grant are agents to 20 insurance companies. However, unlike the clearers this service is as yet only available to the brokers' clients.

Insurance brokers, faced by this growing competition have also moved into the role of financial counsellors. Most of the major insurance brokers now successfully offer this service although the competitors often claim that the advice given has too strong an insurance bias.

Much the same sort of criticism could be levelled at the main unit trust management groups like Save and Prosper Group, namely that they use the service to promote their own funds. But S & P seems to be successfully bridging the gap between the professional advisers, such as accountants and solicitors, who are not geared up to meet the ever-changing financial scene with the products that are available in the market.

David Wright

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Poor chemicals results push UCB into the red

BY DAVID BUCHAN

BRUSSELS, April 21.

A POOR second half year performance, particularly by its chemical sector, pushed UCB, the Belgian based Group which also makes films and pharmaceuticals, into losses of B.Frs.397m. ($12m.) for 1977. The group, which made a B.Frs.184m. net profit in 1976 and paid a B.Frs.140 dividend for that year, had already decided not to pay a 1977 dividend after recording a B.Frs.84m. loss in the opening six months of 1977.

Overall, *sales increased 2 per* cent. last year. The pharmaceutical operation raised its *turnover by 3 per cent.,* making a B.Frs.63m. profit, while film sales increased by 6 per cent. But still made a loss of B.Frs.105m. The problem here is that demand had switched more rapidly from cellulose to polypropylene film than UCB, which is developing its activities in the latter product in the U.K. and Belgium in partnership with ICI, had anticipated.

But the group's major loss arose in the chemical sector, *where sales fell 3 per cent.* and losses totalled B.Frs. 339m. This is the only sector in which UCB *production is solely concen*trated in Belgium.

The company comments that *Belgium has now become "the* country with the highest wages and the heaviest social charges," and the strength of the Belgian franc, is "an added handicap for our group in the export field." UCB produces 70 per cent. of its output in Belgium, but sells only 26 per cent. of it here. Some 45 per cent. of sales are to countries with currencies weaker than the Belgian franc.

UCB nevertheless has strongly refuted rumours that it is considering moving more of its operations outside Belgium, arguing that its chemical invest*ments there are too expensive* to abandon lightly. The amount set aside for depreciations is *slightly larger than in previous* years.

Norol to sell refinery stake

BY FAY GJESTER

OSLO, April 21.

THE NORWEGIAN Oil and Energy Ministry has arranged a controversial trade-off between the State-dominated refining *and marketing company, Norol,* and the wholly State-owned oil company, Statoil. It provides for *Norol to sell to Statoil its 40 per* cent. take in the West Norwegian Mongstad Refinery, for a price of Kr.275m. ($50m.).

This is about the amount Norol needs to put it on a sound economic footing, after two loss-making years since its formation at end-1975. The company had been hoping, however, to get the money from the Government, as an allocation of additional share capital. It did not want to relinquish its refining interests.

At a meeting this week, Norol's representative council made it clear that the Ministry's plan had been accepted only because no alternative solution to the company's financial problems had *been offered.* In a unanimous resolution, however, the council said that the deal "should not *be linked with a product supply agreement*" obliging Norol to buy refined products solely from *Statoil in future. The reserva*tion was later brushed aside at a shareholders' meeting, dominated by the *Ministry* through the State's large stake in Norol. This assembly made a vague promise that the Ministry would "take up the matter with the two companies if the agreement's provisions should turn out to be unreasonable" for Norol.

Opposition politicians have criticised the trade-off on two grounds. Firstly, they say it will make Norol into nothing more than a subsidiary of Statoil, which they regard as already becoming *dangerously large and powerful.* Secondly, they claim the deal has been arranged partly as a *face-saving exercise,* since it enables the Government to avoid having to ask the Storting (Parli*ament) for the money needed to* rescue Norol.

The Opposition has consistently claimed that the formation of a State-dominated distributing com*pany was an unnecessary waste* of taxpayers' money. A Government request for additional funds *for Norol would have seemed to* justify this stand.

The Ministry's move will still require Storting approval, since Statoil will have to be granted money to finance the purchase, or a State loan guarantee so it can borrow the necessary money. The Opposition can be expected to express itself strongly on the matter when it comes up for *debate — probably before the* summer recess.

Profits surge at Stevin

BY OUR OWN CORRESPONDENT

AMSTERDAM, April 21.

THE DUTCH dredging concern, Stevin Group, announced a 45 per cent. increase in net profits in 1977 on top of a 6 per cent. *rise in turnover.* Net profits were Fls.31.3m. ($14.2m.), while sales were Fls.1.8bn. ($814m.).

Orders in hand were lower, *however,* at Fls.2.2bn. at the end of 1977 compared with Fls.2.6bn. a year earlier.

The company proposes a dividend of Fls.5.50 in cash or Fls.1.25 in shares. Last year it gave shareholders the option of Fls5.50 in cash, or Fls.2 in cash and Fls.1 in shares.

Stevin, in which the Dutch businessman Mr. Pieter Heerema recently announced he had acquired a 40 per cent. stake said it expects the same level of *profitability to be maintained in* 1978.

Amax hit by coal strike and rise in interest

By Stewart Fleming

NEW YORK, April 21.

THE FOUR-MONTH U.S. coal strike and rising interest charges have hit the first quarter profits of Amax, one of the leading U.S. natural resources and metals producers.

Net profits of Amax fell from $32.5m. in the first quarter of 1977 to only $16.2m. in the latest period. Sales revenues were also down, from $355m. to $327m.

Earnings per share were 32 cents, compared with 91 cents a year ago.

Amax cited a range of factors to account for the decline. It said that salaries, depreciation and overhead costs associated with the United Mine Workers coal strike had cost the company $14m. in after-tax profits, although it added that its Wyoming coal operation had continued shipments through the strike *period of December to March at* a higher rate than last year.

It said that earnings from its *copper operations fell because* of reduced trading profits, while its zinc earnings decreased.

Earnings were *also hit* by higher oil and gas exploration costs. Higher molybdenum earnings offset some of these factors.

Net interest expense increased to $18.6m. from $10.8m. in the first quarter of 1977 as a result of higher outstanding debt and lower capitalised interest.

Ballast-Nedam share tussle

By Our Own Correspondent

AMSTERDAM, April 21.

ANTILLAN Holding, the company in which the family of Dutch businessman *Mr. Pieter* Heerema has a controlling stake, will fight construction group, Ballast-Nedam's plan to issue Preference shares.

Antillian Holding, which announced in February it had built up a 50 per cent stake in Ballast-Nedam's capital, said it has begun a court action to prevent the share issue.

Ballast-Nedam earlier this month announced details of a plan to place Preference shares equivalent to half its present capital with a trust specially set up for the purpose. This would reduce the Heerema holdings to one third.

Antillian Holding is opposing the share issue on the grounds that it will affect its financial *interests, since the extra shares* will lead to a reduction in the dividend accruing to the Heerema interests. *The* court action will be heard on May 17.

MoDo plan to raise liquidity

BY WILLIAM DULLFORCE

STOCKHOLM, April 21.

MODO, the Swedish pulp and paper group which plunged into a Kr.229m. ($49.8m.) loss on a *Kr.2bn. ($435m.) turnover* last year, will not be able to avoid another heavy deficit in 1978. But managing director Matts Carlgren, writing in the 1977 shareholders' report, calculates that the company has sufficient financial resources and credits available to "manage another year or two."

The main loss will continue to *come on pulp manufacturing,* while fine paper production is expected to see increases in both *sales volume and prices during* the year. Priority is being given to improving the group's *liquidity by major cuts in invest*ment plans and a further running down of stocks. These *measures should allow MoDo to* avoid any further debt growth. Heavy borrowing last year *brought an increase of Kr.73m.* in the group's net financial costs to Kr.182m.

The 1977 financial analysis shows a drop of Kr.27m. in working capital and a capital shortfall of Kr.458m., which was covered by drawing Kr.110m. from liquid assets and Kr.13m. from a blocked savings account in the central bank.

The remaining Kr.335m. was met by borrowing. The group's cash and bank *balances at the* end of the year totalled only Kr.20m., but the shareholders' report notes that it has "firm credit commitments" of around Kr.350m. to draw on.

Mr. Carlgren underlines the importance for the group's 1978 performance of the dollar's parity to the Krona. The price increases needed to return the Swedish pulp and paper industry to profit cannot, in his view, be realised as long as the dollar stays at around Kr.4.60.

The undervaluation of the dollar gave the American pulp manufacturers a lead "which we cannot possibly pull back." The Swedish producers could match the Americans, if the dollar returned to its "old" parity of just over Kr.5.

But Mr. Carlgren also sees hope in the fact that current pulp prices also offer only marginal *profits for the North American* producers, who will have to face higher raw material price *increases and larger payroll cost* growth than the Swedes this year.

BAII in bank takeover

BY ROBERT MAUTHNER

PARIS, April 21.

FRENCH-BASED Arab Investment Bank, Banque Arabe et Internationale d'Investissement *(BAII) has taken a 77.5 per cent.* stake for an undisclosed price in the Banque Commerciale de *Grece SA, which is also based in* Paris and has a branch in Marseilles.

With a balance sheet of Frs.117m. ($24.8m.) in 1977 and a capital of Frs.4m., BAII's acquisition will strengthen the Arab bank's commercial banking activities. The Banque Commerciale de Grece's capital will shortly be raised to Frs.10m. and its name will be changed to Banque Arabe Privee (BAP). The aim is to attract mainly private clients in the Middle East.

BAII, with a capital of Frs.50m., is a subsidiary of the Luxembourg-based holding company CAII, capitalised at $50m. BAII has a 10 per cent. stake in Hill Samuel, the merchant bankers, and a 6.5 per cent. holding in the U.S. brokers, Dean Witter Reynolds.

AMERICAN QUARTERLIES

OCCIDENTAL PETROLEUM

First Quarter	1978 $	1977 $
Revenue	1.24bn.	1.46bn.
Net profits	36.0m.	33.3m.
Net per share	0.41	0.45
Net share dil.	0.40	0.41

WHITE MOTOR CORP.

First Quarter	1978 $	1977 $
Revenue	284.4m.	323.6m.
Net profits	*7.5m.	12.9m.
Net per share	—	1.53

* Loss

SANTA FE INDUSTRIES

Revenue	472.5m.	422.0m.
Net profits	29.3m.	36.5m.
Net per share	1.06	1.38

BECTON DICKINSON

Second Quarter	1978 $	1977 $
Revenue	172.5m.	151.1m.
Net profits	14.0m.	12.5m.
Net per share	*0.73*	*0.65*

COMMODITIES/Review of the week

Belgian metal strike ends

BY OUR COMMODITIES STAFF

NEWS THAT Belgian non-ferrous metal workers had agreed to end their two-week strike and return to work on Monday halted the upward trend in copper, lead and zinc prices on the London Metal Exchange yesterday.

Copper cash wirebars ended the week virtually unchanged at £...2.25 a tonne, despite forecasts of a hefty fall in warehouse stocks and the earlier announcement of production cuts by way of temporary plant closures, by leading U.S. producers.

Lead and zinc values lost ground during the week. The move by Electrolytic Zinc of Australia to raise the European producer price from $550 to $600 a tonne has not yet been followed by any other producers and it is felt that the increase may have been premature.

Tin prices rose despite the rebuff to producers' demands at the Tin Council meeting for an increase in the International Tin Agreement price ranges. Standard grade cash tin closed last night £122.5 up on the week at £6,062.5 a tonne.

Forecasts of a fall in Metal Exchange warehouse stocks, contrasting with predictions of a rise earlier in the week, brought a surge in prices yesterday which offset previous losses.

The fall in gold, following the announcement of sales by the U.S. Treasury, brought setbacks in platinum and silver values. ... it was raising the sterling price of platinum by £3 to £120.50 an ounce effective Monday, to reflect the recent decline in sterling against the dollar.

The world price of platinum charged by Rustenburg remains unchanged at $220 an ounce, *although the free market has now* moved to a sizeable discount both in New York and London.

The London wool terminal market association announced yesterday that it planned to launch a new contract for New Zealand crossbred wool on July 3. It is felt that the greater price fluctuations in crossbred, as opposed to the existing merino futures markets in London and Sydney, will attract more interest.

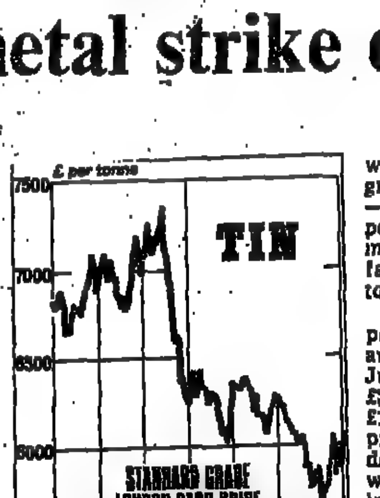
... week. U.K. January/March grindings totalled 21,000 tonnes —4.5 per cent. down on the same *period of 1977, confounding* market assessments that manufacturer demand was unchanged *to slightly higher.*

This news pushed the July position down to £1,912.5 a tonne and, despite a subsequent rally, July cocoa ended the week £37.75 lower on balance at £1,956.25 a tonne. Reports of producer selling added to the downward pressure, but the weaknes of sterling had a steadying effect on prices.

Prospects of the *Central American producers resuming* coffee exports commanded considerable attention but had little visible effect on prices.

Reports of a reduction in the Brazilian crop have also been circulating in the market. Dry weather has caused a high incidence of small beans, local trade sources say, and the crop could *be sharply reduced.* They doubt, however, that it would be as low as the 16m. bags (60 kilos each) *figure quoted in some quarters.* Earlier reports had put the Brazilian 1977-78 crop at between 20m. and 22m. bags.

World sugar prices fell back to £99 a tonne (Wednesday's London daily price) before recovering to £101 a tonne yesterday for a £1 fall on the week. A forecast by the EEC Commission of a 2.8m.-3.5m. European crop ...



WEEKLY PRICE CHANGES

[illegible]

MARKET REPORTS

BASE METALS

COPPER—Higher, but below day's best on the London Metal Exchange. Forward *metal rose to £713 on the pre-market on* expectations of a further substantial fall in warehouse stocks. ...

SILVER

Silver was fixed 3.28p an ounce higher for spot delivery in the London bullion market yesterday at 278.5p. U.S. cent equivalents of the fixing levels were: spot 482.5c., up 4.9c.; three-month 510.6c., up ...; six-month 520.9c., up ...

COCOA

COFFEE

GRAINS

Maize: U.S./French April-May (first half) 106.75, May (second half) 106, June 106.50, transhipment East Coast. S. African Yellow May-June $1.00. S. African White and Kenya Grade Three unquoted.

Barley, Sorghum and Oats: Unquoted.

WOOL FUTURES

LONDON—Dull and featureless, Bache reported.

(Pence per kilo)

RUBBER

SOYABEAN MEAL

SUGAR

MEAT/VEGETABLES

FINANCIAL TIMES

REUTERS

DOW JONES

MOODY'S

U.S. Markets

Losses in cocoa, coffee and copper

NEW YORK, April 21.

COPPER eased on Commission House stop-loss selling and trade hedge-selling, following settlement of the Belgian metal-workers strike, Bache reported. Cocoa gave ground slightly on trade selling, *while coffee fell back on rumours of* possible Central American offerings on Monday which would increase availability of supplies. Sugar closed higher on strong trade buying.

Cocoa—May 153.75 (153.75), July 149.30 (149.85), Sept. 146.30, Dec. 140.70, March 135.95, *May* 133.43, *July* 130.10. Sales: 988 lots.

Coffee—"C" Contract: May 174.26 (177.84), July 153.25 (157.23), Sept. 139.40, Dec. 126.50-126.00, March 119.00-120.00, May 115.00-116.00, July 114.00-115.00, Sept. 115.00 asked. Sales: 750 lots.

Copper—April 57.30 (56.30), May 57.40 (56.40), June 58.20, July 58.70, Sept. 59.70, Dec. 61.20, Jan. 61.70, March 62.70, May 63.70, July 64.70, Sept. 65.70, Dec. 67.20, *Jan. 68.70 settlements.* Sales: 7,200 lots.

Cotton—No. 2: May 56.70 (56.97), July 58.25-58.37 (58.43), Oct. 60.15, Dec. 61.15-61.35, March 62.20-62.30, May 62.85-63.10, July 63.25-63.80, Oct. 62.75-63.75. Sales: 415,000 bales.

This week's SE dealings

Friday, April 21 .... 4,299 | Wednesday, April 19 .... 4,568 | Monday, April 17 4,482
Thursday, April 20 .... 4,995 | Tuesday, April 18 .... 4,608 | Friday, April 14 4,930

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

† Bargains at Special Prices. Δ Bargains done with or between non-members. ⊕ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Mo—$Mexican; $NZ—$New Zealand; $S—Singapore; $US—$United States; $WI—$West Indian.

7¾pc Bds. Reg. (3/1/79) 99.542⊕ 99.546⊕
6¾pc Bds. Reg. (17/1/79) 98.900⊕ 98.906⊕
7¾pc Bds. Reg. (21/2/79) 99.65 (20/4)
8½pc Bds. Reg. (7/3/79) 99$\frac{13}{16}$ (18/4)
7¾pc Bds. Reg. (4/4/79) 99¼
10¼pcBds. 100⅛⊕ (20/4)
TAPES 6 B
Variable Rate Bds. 8.4pc 100.015⊕ 100.018⊕ (20/4)
Variable Rate Bds. 8.175pc 100⊕ 100.008⊕

PUBLIC BOARDS (33)

FREE OF STAMP DUTY

Agri. Mort. Cpn. 3½pcDb. 96¼ (17/4). Do. 4½pc 1977-82 80⅝ (20/4). Do. 5pc ...

Allebone Sons (10p) 17 (20/4)
Allan (Edgar) Balfour (25p) 54 ¼ (20/4). 5pcPf. 37½ (19/4). 7¼pcDb. 70 69 ⅛
Allen (W.G.) (Tipton) (25p) 42⊕
Allied Colloids Gp. (10p) 70⊕ 70½⊕ ½⊕ 1 69 70 (20/4)
Allied Insulators (25p) 67. 6pcPf. 46 (17/4)
Allied Plant Grp. (10p) 14½⊕
Allied Retailers (10p) 215
Allied Suppliers 6¾pcLn. 54½ (19/4)
Allied Textile Companies (25p) 138⊕
Alpine Hldgs. (5p) 49½ 8 (20/4)
Alpine Soft Drinks (10p) 116 (20/4)
Amalgamated Industrials 10.6pcPf. 92
Amalgamated Metal Cpn. 289⊕ (20/4)
Amalgamated Power Eng. (25p) 113

Centreway (50p) 220 (18/4)
Chamberlain (25p) 46 (18/4)
Chamberlain Phipps (10p) 39½
Chambers Fargus (5p) 12½ (17/4)
Change Wares (10p) 22¼⊕ (20/4). 12pc Pfd. (10p) 20½ 1
Channel Tunnel Invs. (5p) 50
Chapman (Balham) (50p) 80
Chemring (5p) 60 (17/4)
Chesebrough-Ponds ($US1) 20⅞ (17/4)
Chloride Group (25p) 97 8. 7½pcDb. 71 (20/4)
Christies Internatl. (10p) 91⊕ 90½⊕
Christie-Tyler (10p) 70 (17/4)
Chrysler ($US6.25) 11 (17/4)
Chrysler U.K. 5½pcDb. 66½ (18/4)
Chubb Son (20p) 134⊕ 1⊕ 5 4

Garnar Scotblair (25p) 97 (18/4)
Garton Eng. (10p) 89⊕ (20/4)
Gates (Frank G.) (25p) 55½⊕ 6⊕
Geers Gross (10p) 44 (20/4)
Geller (A. J.) (20p) 33⊕
Gen. Elec. (25p) 230½⊕ 5 7·4 5·2½ 8. 4pcLn. 89½. 6pcLn. 1979-84 79⊕. 7¼pcLn. 66⊕ 6. 7¼pcLn. 67. Cap.Nts. 100⅛⊕ ¼ ⅛
Gen. Eng. (Radcliffe) (10p) 19 (20/4)
Gen. Motors Dep. Receipts 287 (19/4)
Gestetner Hldgs. A (25p) 178. 10pcLn. 120 (20/4)
Gibbons Dudley (25p) 73 (20/4)
Gibbons (Stanley) Intnl. (25p) 170 69
Gieves Grp. (25p) 100⊕
Gilgate Hldgs. (10p) 7 (20/4)

PUBLIC BOARDS (33)

...

Porter Chadburn (20p) 103 (19/4)
Portsmouth Sunderland Newspapers (25p) 55⊕ 5 (20/4)
Porvair (25p) 11 (17/4)
Powell Duffryn (50p) 169 8
Press Tools (10p) 24½ (17/4)
Press (William), Son (5p) 28⊕ 4½ 4 3. 8pcLn. 81¼⊕
Pressac Hldgs. (10p) 86⊕
Prestige (25p) 159 (19/4)
Priest (Benjamin), Sons (Hldgs.) (25p) 73½ 2/1 (17/4)
Prince of Wales Hotels (25p) 112 (17/4)
Pritchard Services Group (5p) 23½ 3
Proprietors of Hay's Wharf 133 (17/4)
Pullman (R. J.) (5p) 83⊕ 2
Pye Hldgs. (25p) 97 6 (20/4)

Sumner (Francis) (Holdings) (10p) (20/4)
Sunlight Service Group 7½pcPf. 59
Suora Group (10p) 44½⊕
Suter Electrical (5p) 19⊕ 20
Swan Hunter Group 130⊕ 2
Syltone (25p) 98 (20/4)

T—U—V

TACE (10p) 29
Talbex Group (5p) 23¼ ½ (20/4). Ord. (5p) 23½ (19/4). 11½pcLn. ...
Tarmac (50p) 136⊕ 7 6. 7½pcDeb ...

APPOINTMENTS

Tate & Lyle group managing director

Mr. Saxon Tate has been appointed group managing director of TATE AND TYLE and continues as chairman of the Board's executive committee. Mr. James Forbes has joined the company as a senior executive director with special responsibility for finance.

★

Mr. F. Stuart Andrew has been elected to the Board of WELLMAN INCANDESCENT, a subsidiary of Wellman Engineering.

★

Mr. John D. G. Buchanan has been appointed to the new post of chief executive of WANDER.

★

Mr. H. K. FitzGerald, chairman of Eastern Produce (Holdings), has joined the Board of ASSOCIATED FISHERIES. Eastern Produce holds 34.5 per cent. of the issued ordinary shares of A.F.

★

Dr. John Maund has been appointed director, industrial engineering and manufacturing of STANDARD TELEPHONES AND CABLES. Mr. Peter Morcombe has returned to the company as general manager of its new optical systems division and Mr. Harry Roper has become manager, military and public sector marketing. Dr. Maund was previously with Lucas Electrical.

★

Mr. John Wrigley has been appointed a director of MAY AND HASSELL. Mr. Robert W. Bell has been made regional director (North West) and Mr. John Goodman, regional director (Midlands).

★

Mr. Norman A. Gardner has been appointed sales director of ECOLOGICAL ENGINEERING. He joins the company from the Powell Duffryn Group.

★

Mr. Graham Binns has been appointed a director of WALPORT TELMAR INTERNATIONAL and will succeed Mr. Geoffrey Nugus as managing director from May 15. By arrangement between BET and Rediffusion, Mr. Binns will continue certain of his present activities, including his appointments on the Boards of Rediffusion Radio Holdings, Capital Radio (of which he is deputy chairman) and Windsor Communications.

★

Mr. Colin Mitchell has been appointed a director of WILLIAM LOW AND CO. He is at present general manager of Lowfreeze, the company's freezer centre division.

★

Mr. O. P. St. Aubyn is to retire from the partnership of W. GREENWELL & CO., stockbrokers, on May 16 but will remain associated with the firm.

★

Mr. R. R. B. Mackenzie has been appointed a director of the NATIONAL ASSOCIATION OF PAPER MERCHANTS, succeeding Mr. S. R. W. Bailey, who has retired.

★

Mr. D. A. Whitaker has been appointed to the Board of BRUSH SWITCHGEAR as sales director.

★

Mr. E. W. Wood has been elected chairman of the ASSOCIATED OFFICES TECHNICAL COMMITTEE, succeeding Mr. J. I. H. Meier, who takes over as treasurer in place of Mr. Wood.

★

Following the merger of WOOD BASTOW HOLDINGS with CELESTION INDUSTRIES, appointments have been made to the Boards of subsidiaries. Mr. J. O. Church and Mr. D. R. S. Ezekiel become directors of Wood Bastow and Co., Slix and Andrew Baron. Mr. T. Seabrook and Mr. D. Harrison join Wood Bastow and Co.; Mr. R. W. Druce, Mrs. I. Richardson and Mr. J. J. Priestley, are directors of Slix; and Mr. B. Dickinson is a director of Andrew Baron.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
E. Kodak	$40	8⅞	6	8¾	—	—	—	$48
E. Kodak	$45	—	—	5⅛	48	—	—	"
E. Kodak	$50	2½	40	3⅛	53	—	—	"
GM	$50	15	42	15⅛	—	—	—	$65
GM	$60	5⅞	15	6⅞	9	—	—	"
GM	$70	—	—	1¾	11	—	—	"
IBM	$240	16	5	—	38	—	—	$253
IBM	$260	5⅞	22	9	51	—	—	"
IBM	$280	1½	5	3⅛	83	—	—	"
Philips	F22.50	2.90	5	3.70	5	—	—	F25.
Philips	F25.00	1.20	20	1.70	—	—	—	"
Philips	F27.50	0.30	20	0.50	19	—	—	"
R. D. Shell	F120	—	—	10.50	6	—	—	F129.
R. D. Shell	F130	3.80	111	4.20	46	—	—	"
R. D. Shell	F140	—	—	1.20	10	—	—	"
Unilever	F110	—	—	11.90	6	—	—	F120.
Unilever	F120	3.50	2	4.20	20	—	—	"
Unilever	F150	—	—	1.00	10	—	—	"
		May		August		November		
BP	700p	81	—	91	—	116	—	770p
BP	750p	37	—	47	—	71	—	"
BP	800p	16	—	18	—	43	—	"
GEC	200p	51	—	58	—	83	—	235p
GEC	225p	25	—	35	—	51	—	"
GEC	250p	6	—	17	—	29	—	"
GEC	275p	8	—	13	—	19	—	"
ICI	300p	50	—	66	—	81	—	338p
ICI	325p	27	—	35	—	51	—	"
ICI	350p	15	—	15	—	35	—	"
ICI	375p	11	—	14	—	23	—	"

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3- years. Interest paid gross, half-yearly. Rates for deposi received not later than 28.4.78.

Terms (years)	3	4	5	6	7	8	9	1[illegible]
Interest %	9½	10	10½	10¾	11	11¼	11½	1[illegible]

Rates for larger amounts on request. Deposits to and furthe information from The Chief Cashier, Finance for Industr Limited, 91 Waterloo Road, London SE1 8XP (01-928 782 Ext. 177). Cheques payable to "Bank of England, a/c FFI. FFI is the holding company for ICFC and FCI.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barking (01-592 4500)	8½	½-year	5,000	2
Barnsley Metro. (0226 203232)	10	½-year	250	4-7
Knowsley (051 5486555)	10½	½-year	1,000	5-7
Redbridge (01-478 3020)	10½	½-year	200	5-7
Rushcliffe (0602 811511)	9½	½-year	500	3
Southend (0702 49451)	9½	½-year	250	3
Thurrock (0375 5122)	10½	½-year	300	4
Thurrock (0375 5122)	10½	½-year	300	5-8
Wrekin (0952 505051)	10¾	yearly	1,000	5

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Sub'pn Shares	*Term Shares	
Abbey National	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs.
Alliance	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Anglia	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Birmingham	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Bradford and Bingley	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs., min. £500
Bristol and West	5.25%	5.50%	6.75%	—	
Bristol Economic	5.25%	5.50%	6.75%	5.75%	3 months' notice
Britannia	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs.
Burnley	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs.
Cardiff	5.75%	6.30%	7.30%	—	
Catholic	6.00%	●5.60%	6.75%	—	● 5.80% over £5,000
Chelsea	5.25%	5.50%	6.75%	6.25%	6 months' notice, minimum £500
Cheltenham and Gloucester	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs. (£500-£15,000)
Citizens Regency	5.25%	5.80%	7.30%	7.05%	3 yrs., over £5,000
City of London	5.50%	5.80%	6.75%	6.72%	3 yrs., min. £500
Coventry Economic	5.25%	5.50%	6.75%	6.50%	3 yrs., 6% 1 yr. min. 3 mths. notice
Coventry Provident	5.25%	5.50%	7.50%	6.75%	3 yrs.
Derbyshire	5.25%	5.50%	6.75%	—	Up to 6% 3 months' notice
Gateway	5.25%	5.50%	6.75%	6.50%	3 yrs., 6% 2 yrs., min. £500-£15,000
Guardian	5.25%	5.75%	6.00%	6.45%	3 mths.' notice, minimum £1,000
Halifax	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs.
Hastings and Thanet	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 1½ yrs., £250-£15,000
Heart of England	5.25%	5.50%	6.75%	6.50%	3 yrs., 6% 3 months' notice
Hearts of Oak & Enfield	5.25%	5.75%	7.25%	6.75%	3 yrs., 6.50% 2 yrs., 6.25% 1 yr.
Hendon	5.50%	6.00%	—	6.50%	6 months' notice, minimum £2,000
Huddersfield & Bradford	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs., £100-£15,000
Leamington Spa	5.35%	5.60%	7.36%	6.35%	2 yrs.
Leeds Permanent	5.25%	5.50%	6.75%	—	
Leicester	5.25%	5.50%	6.75%	6.50%	3 yrs., 6% 2 yrs., min. £100-£15,000
Liverpool	5.25%	5.60%	6.95%	6.60%	3 yrs., 6.10% 2 yrs., min. £1,000
London Goldhawk	5.75%	6.25%	7.50%	—	
Melton Mowbray	5.35%	5.60%	6.75%	6.35%	2 yrs., min. £2,000
Midshires	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs. min. £250
Mornington	5.20%	6.20%	—	—	
National Counties	5.50%	5.80%	6.80%	6.25%	6 months
Nationwide	5.25%	5.50%	6.75%	6.50%	3-4 yrs., min. £500, 6.00% 2 yrs.
Newcastle Permanent	5.00%	5.50%	6.80%	6.80%	3 yrs., 6.50% 2 yrs.
New Cross	6.50%	6.75%	—	—	
Northern Rock	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs., min. £100
Norwich	5.25%	5.50%	7.00%	6.25%	2 yrs., minimum £500
Paisley	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs. min. £500
Peckham Mutual	5.50%	6.60%	—	—	
Portman	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs., 5.75% 3 mths.
Progressive	5.40%	5.65%	6.75%	6.65%	3 yrs., 6.4% 2yrs., 6.15% 3mths.not.
Property Owners	■5.25%	6.00%	7.25%	6.40%	3 mths. not. ■4.50% to limitd. cos.
Provincial	5.25%	5.50%	6.75%	6.50%	3-4 yrs., 6.00% 2 yrs.
Skipton	5.25%	5.50%	6.75%	6.50%	3 yrs., 6.00% 2 yrs.
Sussex Mutual	5.50%	5.80%	7.05%	6.85%	3 yrs., 6.55% 2 yrs., min. £500
Town and Country	5.25%	5.50%	♣10.00%	6.50%	3 yrs., 6.00% 2 yrs. ♣ Max. £250
Woolwich	5.25%	5.50%	6.75%	6.00%	2 yrs., 6.50% 3 yrs.

* Rates normally variable in line with changes in ordinary share rates.

(By permission of the Stock Exchange Council)

MONEY + EXCHANGES

Bill rate eases

Bank of England Minimum Lending Rate 7½ per cent. (since April 11, 1978)

The Treasury bill rate fell by 0.0015 per cent. at yesterday's tender to 6.9676 per cent. and Bank of England Minimum Lending Rate was unchanged at 7½ per cent. The minimum accepted bid was £98.23½ compared with £98.26 previously, and bids at that level were met as to about 11 per cent. The £300m. bills tendered and allotted attracted bids of £603.87m. and all bills offered were allotted. Next week £500m. will be on offer replacing maturities of £300m.

Day to day credit was in short supply in the London money market and the authorities gave assistance by buying a small amount of Treasury bills, all direct, small numbers of local authority bills and the same amount of eligible bank bills. Some of the bills bought are for resale to the market at a fixed date in the future. Total assistance was on a moderate scale and appeared to be slightly overdone.

The market was helped by banks bringing forward balances above target and sizeable net maturities of Treasury bills in the market's hands. However these were more than outweighed by a substantial excess of revenue transfers to the Exchequer over Government disbursements and settlement of gilt-edged stock sold on Thursday. There was also a slight rise in the note circulation and a number of local authority bills maturing in official hands.

Discount houses paid around 7 per cent. for secured call loans at the start but closing balances were taken between 2 per cent. and 3 per cent. In the interbank market, overnight loans opened at 7½-7¾ per cent. and traded for most of the day at 7½-7¾ per cent. before rates eased at the close to around 2 per cent.

Rates in the table below are nominal in some cases.

Apr. 21 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	2-7¾	—	—	—	7¾-7⅞	2-7	—	—	—
2 days notice	—	—	7½-7¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	7¼-7¾	7⅝-7¾	—	7⅝-8¼	8	6½-7	—	—	—
One month	7⅝-7½	7⅝-7¾	7½-7⅞	7⅞-7⅝	7⅝-8¼	8⅛	6¾-7	6⅞-6⅞	7⅜-7½	7½-7¾
Two months	7⅞-7⅞	7⅞-7⅞	—	7¾-7⅝	7¾-8¼	—	6⅞-7	6⅞-6⅞	7⅞-7⅞	7¾
Three months	7⅞-7⅞	7¾-7⅞	7¾-7⅞	7⅞-7½	7⅞-8⅝	8¼	7	6⅞-6⅞	7⅝	8
Six months	8¼-8⅛	8¼-8⅝	8¼-8⅛	7⅞-7½	8¼-8¾	—	—	—	8⅛-8⅛	8¼
Nine months	8⅛-8⅛	8½-8¾	—	8⅝-8	9-9¼	—	—	—	—	—
One year	8⅛-8⅛	8⅞-9	8⅞-9	8¾-8½	9¼-9⅛	—	—	—	—	—
Two years	—	—	9⅞-10	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 10¾-11 per cent.; four years 11¼-11½ per cent.; five years 11½-11¾ per cent. ФBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 7¾ per cent.; four-month trade bills 8½ per cent.

Approximate selling rates for one-month Treasury bills 6¾-6 15/16 per cent.; two-month 6 15/16 per cent.; and three-month 6 29/32 per cent. Approximate selling rate for one-month bank bills 7¾-7 7/16 per cent.; two-month 7 5/16-7 11/32 per cent.; and three-month 7 7/16-7 17/32 per cent. One-month trade bills 7¾ per cent.; two-month 7¾ per cent.; and also three-month 7¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from April 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 4 per cent. Clearing Bank Base Rate for lending 7½ per cent. Treasury Bills: Average tender rates of discount 6.9691 per cent.

EXCHANGES AND BULLION

Activity in yesterday's foreign exchange market took on a quieter look ahead of the weekend. Sterling remained weak and ended the day slightly up only with Bank of England assistance. After opening at $1.8305-1.8315, the pound improved to $1.8335-1.8345. However, during the afternoon, further pressure saw the rate down to $1.8220-1.8230 where it is believed the Bank intervened, and reflected in a sharp rise in short term Eurosterling interest rates. Using Bank of England figures, its trade weighted index improved to 61.6 from 61.5 previously and stood at 61.5 at noon and 61.6 in early dealings. Sterling finally closed at $1.8255-1.8265, a gain of 15 points on the day.

Trading in the U.S. dollar was somewhat more active and the currency finished the day around its weakest level. Against the West German mark, it moved to DM2.0770 from DM2.0775 having been up to DM2.0870 at one point, while the Japanese yen showed a small gain at Y225¾ against Y226.65. The dollar's index on Bank of England figures fell to 90.3 from 90.4 on Thursday. Gold recovered some of the previous day's losses improving to $170¾-171¼ in moderately active trading, a gain of $2¾.

EXCHANGE CROSS-RATES

April 21	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Frankfurt	—	2.078-080	44.68-78	6.42-435	3.786-796	93.62-82	106.60-10
New York	48.10-15	—	21.61-65	3.085-090	1.8245-8255	45.15-50	60.80-90
Paris	223.30-80	4.634-646	—	14.343-377	8.4675-4875	209.20-70	238.30-70
Brussels	15.56-60	32.32-37	6.95-99	—	58.97-15	14.56-61	16.45-52
London	3.79-80	1.8255.65	8.47-48	58.95-59.05	—	4.04½-05½	3.56½-57½
Amst'dam	106.725-775	2.2137-62	47.74-79	6.8526-76	4.0436-85	—	115.025-075
Zurich	94.106-485	1.868-981	42.941-240	6.0315-0625	3.5703-5808	88.048-333	—

U.S. $ in Toronto U.S. $ = 114.38-40 Canadian cents.
Canadian $ in New York = 87.34-36 cents. U.S. $ in Milan 867.70-868.0
Sterling in Milan 1582.75-1583.75.

EURO-CURRENCY INTEREST RATES*

April 21	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	—	7-8	6¾-7	4⅜-4⅝	[illegible]	3⅜-3½
7 days notice	—	7-8	6⅞-7⅛	4⅜-4⅝	1-1¼	3⅜-3½
Month	10½-11¼	7⅝-8	7⅛-7⅜	4¼-4½	[illegible]	3⅜-3½
Three months	9¾-10¼	8⅛-8⅜	7⅜-7⅝	4¼-4½	⅞-1⅛	3⅜-3⅝
Six months	9¾-10¼	8⅜-8¾	7¾-8	4½-4¾	1-1¼	3⅜-3⅝
One year	10½-11¾	8⅝-9	7⅞-8⅛	4¾-5	1⅛-1⅜	3½-3⅝

Euro-French deposit rates: two-day 8½-8¾ per cent.; seven-day 8½-8¾ per cent.; one-month 9-9¼ per cent.; three-month 9 1/16-9 5/16 per cent.; six-month 9 7/16-9 11/16 per cent.; one year 10 1/16-10 5/16 per cent.

Long-term Eurodollar deposits: two years 8 1/16-8 5/16 per cent.; three years 8¼-8½ per cent.; four years 8⅜-8⅝ per cent.; five years 8 7/16-8 9/16 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.10-7.20 per cent.; three-month 7.35-7.45 per cent.; six-month 7.65-7.75 per cent.; one year 7.85-7.95 per cent.

* Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two day's notice for guilders and Swiss francs.

Six-month forward dollar 1.80-1.70c pm. 12-month 2.85-2.70c pm.

U.K. CONVERTIBLE STOCKS 21/4/78

Statistics provided by data STREAM International

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.‖	Income Diff.♡	Cheap(+) Dear(−)◇ Current
Alcan Aluminium 9½pc Cv. 89-94	9.05	150.00	100.0	76-80	6.1	3.8						
Associated Paper 9½pc Cv. 85-90	1.40	97.00	200.0	76-79	10.1	10.3	− 2.0	− 7 to 1	9.0	9.0	0.0	+ 2.1
Bank of Ireland 10pc Cv. 91-96	8.22	156.00	47.6	77-79	6.4	4.4	− 6.4	−12 to −3	15.2	9.2	− 3.6	+ 2.8
British Land 12pc Cv. 2002	7.71	125.00	333.3	80-97	10.1	10.0	25.0	10 to 30	0.0	96.7	96.7	+71.7
English Property 6½pc Cv. 98-03	8.84	68.00	234.0	76-79	9.5	10.0	0.2	− 7 to 11	8.1	3.1	− 7.4	− 7.7
English Property 12pc Cv. 00-05	15.31	84.00	150.0	76-84	14.2	14.3	93.1	46 to 102	29.8	47.6	40.8	−52.3
Hanson Trust 6½pc Cv. 88-93	4.51	82.00	57.1	76-80	8.0	8.7	3.2	1 to 10	11.2	8.8	− 3.0	− 8.2
Hewden-Stuart 7pc Cv. 1995	0.07	250.00	470.4	75-79	2.8		− 5.1	−17 to −5	15.0	6.6	− 3.2	+ 1.9
Pentos 15pc Cv. 1985	1.06	134.00	186.7	78-82	11.6	9.5	− 0.7	− 3 to 8	48.7	48.5	− 0.1	+ 0.6
Slough Estates 10pc Cv. 87-90	5.50	141.00	125.0	78-87	7.2	4.8	11.7	5 to 13	35.8	56.8	16.6	+ 4.9
Tozer, Kemsley 8pc Cv. 1981	7.33	89.00	153.8	74-79	9.0	11.8	23.1	23 to 41	12.3	7.3	− 6.9	−30.0
Wilkinson Match 10pc Cv. 83-98	11.10	90.00	40.0	76-83	11.5	11.7	31.6	24 to 38	27.0	41.2	20.7	−10.8

* Number of Ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent. of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of Ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on Ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent. per annum and is present valued at 12 per cent. per annum. ‖ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent. per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent. of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent. of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

STOCK EXCHANGE REPORT

Stock markets finish the week on a subdued note

Share index up 0.2 at 455.0—New long tap stock

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 3	Apr. 13	Apr. 14	Apr. 25
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Subdued trading conditions prevailed in stock markets as the first leg of the current Account came to a close yesterday. Interest in the equity sector was restrained by week-end influences and to a certain extent by the advent of dealings in the new Traded Options market. British Funds fared little better in the way of activity. Continuing worries about sterling and the absence of support made for dullness in the shorts for most of the day, but prices rallied in the late dealings on the absence of a new "tap" and the majority of quotations finished without alteration after earlier falls ranging to 1/16. Long-dated issues drifted lower to close with losses extending ⅛. The announcement of a new long "tap," £800m. of Exchequer 12 per cent. 1998 stock at 96, £30 payable on application, had little impact on this area of the market but stocks within the vicinity of the new "tap" tended to ease a shade further in the late trading.

Leading equities moved within narrow limits. Inclined easier in the early dealings, prices gradually recovered and final quotations were a shade better on balance. Down only 0.8 at its lowest of the day at 10 a.m., the FT 30-share index closed 0.2 up on balance at 455.0 *for a rise of 7.8 on the week. Few movements worthy of note* emerged in secondary issues, but the general trend was to slightly higher levels as reflected in the majority of rises over falls by 6.5 in FT-quoted *Industrials*. Official markings of 4,299 were the lowest of the week.

Gold shares took a turn for the better after the previous day's setback on the proposed sales of [illegible]llion by the U.S. Treasury. The Gold mines index regained 2.1 to 136.8, but still showed a fall of 10.2 on the week.

Traded options

The market in London Traded Options got off to the expected low-key start, with most interested parties feeling their way. Traders were quite satisfied with the first day's business and were mildly surprised at the number of contracts done which was 586. Institutional interest was small, again as expected, the feeling being that large funds *would not commit* themselves until rates had settled down. The best traded options were Grand Met with a total of 265 and Cons Gold at 123.

Trade in the investment currency market was much more subdued than recently. The premium moved in a narrower range, between 108¼ per cent. and 106 per cent., in a better balanced business. The close was 106¾ per cent., down 2½. Yesterday's conversion factor was 0.6863 (0.6832).

Willis Faber down

Willis Faber cheapened 8 more to 267p on further consideration of the chairman's bearish annual statement. Meanwhile, other Insurance brokers generally gave ground following Wednesday's decision by Lloyd's of London that *all Lloyd's brokers should remain* independent, so blocking full bids from foreign suitors. Sedgwick Forbes gave up 5 to 380p as did C. E. Heath, to 250p, while Alexander Howden declined 4 to 164p and Hogg Robinson 3 to 184p. Leslie and Godwin, in which dealings were resumed on Thursday following the withdrawal of the proposed offer from American giant Frank B. Hall, moved against the trend and closed 2 dearer at 92p.

With the exception of Barclays, which relinquished 4 to 346p, the major clearing banks edged higher in thin trading. Lloyds hardened 2 to 264p as did Midland, to 354p, and NatWest, to 278p. Merchant Banks came in for some late support. Hambros ended 7 to the good at 172p and Schroders closed 15 higher at 395p in a thin market. Corinthian hardened a penny to 21p ahead of Monday's preliminary results. Among Hire Purchases, UDT gained a penny to 40p; the group's "lifeboat" borrowings have been reduced to below £300m.

The trading pattern of the last few days was repeated again in Breweries, shares fluctuating narrowly and closing little changed. Whitbread "A" lost a penny to 88½p, but Allied closed 1½ harder at 87p.

In Buildings, BPB fell 14 to 210p in the late dealing on news that its wholly-owned subsidiary, British Gypsum, is to have a proposed increase in the price of gypsum-related products investigated by the *Price Commission*. Ben Bailey eased 2 to 13p following disappointing interim results, but Southern Constructions attracted small buying to close a penny better at 7p ahead of preliminary figures due early next month. Bid speculation lifted Brown and Jackson 3 more to 76p, while Bryant Holdings attracted speculative support and finished a like amount up at 58p. Ruberoid firmed 2 to 40p after Press mention, and modest interest in A. Monk produced a similar rise to 91p. Elsewhere, Marchwiel, 278p, and Richard Costain, 244p, *both drifted 4 lower.*

Yorkshire Chemicals featured with a jump of 6 to 92p after news that Croda International had acquired a 6.9 per cent. stake in the company. Croda remained unmoved at 44p. Revertex responded to a Press mention with a rise of 3½ to 93½p, and Hickson and Welch added a similar amount to 173p. In very quiet trading, ICI edged forward to 337p.

Liberty please

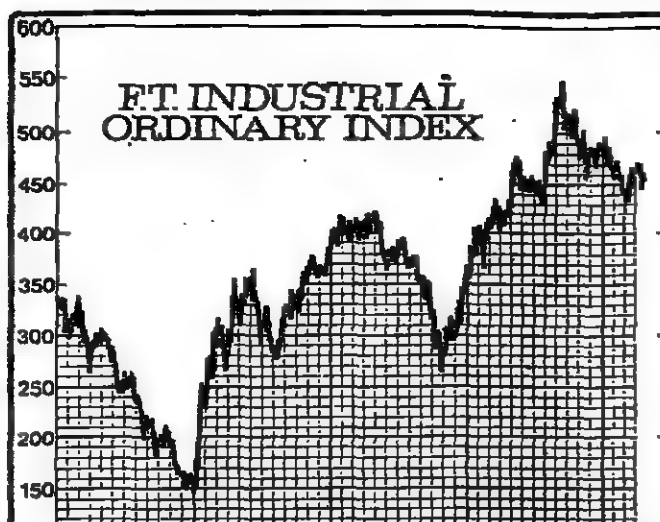
Narrow irregular price movements were the order of the day in leading Stores following a thin business. Marks and Spencer hardened a penny to 143p but Woolworth softened that much to 66p in reaction to the chairman's annual statement, in which he revealed that first-quarter profits of the current year are down on *the comparable period last year.* Elsewhere, Liberty and the Non-Voting were marked up 2½ points to the common price of £23½ in response to the higher annual earnings. J. Hepworth rose 3 to 65p, after 66p, following the increased first-half earnings and A. G. Stanley gained 5 to 128p *on consideration of the chairman's* confident annual statement.

Electricals had little to commend them. Plessey, at 96p, regained a penny of the previous day's fall of 4 which followed the decision by the ICAC to adopt an American-Australian instrument landing system rather than the U.K. Doppler system. Gains of 4 were seen in Kode International, 110p, and Muirhead, 172p, but small selling clipped 3 from Ever Ready at 137p.

Buying ahead of next Thursday's preliminary results helped Amalgamated Power Engineering put on 7 to 121p. Ransome Sims and Jefferies came in for good support, which continued after-hours, and closed a similar amount better at 152p, while speculative interest lifted M.L. Holdings 6 to 108p and Mining Supplies 3 to 67p. Further consideration of the record profits helped Clayton harden a penny more to 68p. Of the quietly dull leaders, Hawker softened 2 *to 194p and Vickers gave up the* turn to 178p.

Foods rarely strayed from previous closing levels. Awaiting the outcome of talks to avert a threatened overtime ban from today by bakery workers, Ranks Hovis McDougall closed a shade easier at 49p and Associated British Foods a penny cheaper at 61p. Spillers, which recently decided to pull out of the bakery business, closed without alteration at 27½p. Wheatsheaf Distri*bution continued firmly in Super*markets, hardening 2 to 200p for a rise on the week of 16, this is still a discount of 10 on the bid from Linfood which finished 2 better at 140p.

City Hotels, at 110p, lost half of the previous day's gain of 4 which followed the preliminary figures and capital proposal. Other Hotels and Caterers edged higher with Grand Metropolitan hardening 2 to 106p and Ladbroke 3 to 186p.



S. Simpson firm

Miscellaneous Industrial majors suffered from an almost complete lack of investment interest yesterday and closed with minor mixed movements. *Down 17 the previous day following the surprise* announcement of the £32m. rights issue and an accompanying bearish statement concerning current year prospects, Turner and Newall remained friendless at 170p, down a penny more. Unilever shed 4 to 494p and Glaxo 3 to 525p. Scottish and Universal Investments, however, edged forward 2 to 122p pending further developments in the Lonrho bid situation. Elsewhere, S. Simpson A gained 6 to 97p on buying in a thin market ahead of next Thursday's interim results and Norman Hay *put on* 5 to 50p ahead of annual results due on the same day. Thos. Marshall Loxley A improved 2 to 43p in response to the results and Mentmore Manufacturing added 2 to 14½p, *also after trad*ing news. An investment recommendation left Central Manufacturing 2 dearer at 66p and BTR a like amount better at 255p. A good market recently on the record results, E. Fogarty revived with an improvement of 4 to 155p, after 156p, but R. H. Cole touched 105p on initial disappointment with the annual profits before rallying to close only a penny lower on balance at 110p. Light profit-taking after the recent surge on *bid hopes* prompted a reaction of 4 to 163p in Letraset.

Noteworthy movements were few and far between in Motors. Hartwells stood out with a rise of 5 to 89p, while T. C. Harrison, 107p, and British Leyland, 30p, put on 2 apiece. H. Perry picked up a penny at 185p for a two-day rise of 10 on the preliminary figures and capital proposal. Dunlop, however, gave up another penny at 79p following Press comment on the results.

Annual results from Pearson Longman failed to impress and the shares eased a penny to 182p. Elsewhere, Collett Dickenson Pearce declined a similar amount further to 56p, sentiment still soured by the Inland Revenue's proposal to bring criminal proceedings against the company.

Rush & Tompkins please

Little enthusiasm for business left the Property sector narrowly *mixed, where changed. Rush and* Tompkins featured in secondary issues following well-received preliminary results; standing at 102p before the announcement, they responded to close a net 5 up at 108p. Elsewhere, Bellway added 2 more to 69p in the wake of further takeover speculation, and Midhurst Whites firmed 1½ to 41½p after modest interest. Centrovincial Estates returned to favour, both the Ordinary and Capital shares put on 2 to 68p and 66p respectively after recent dullness following the unexpected first-half loss.

Oils passed another *quiet* session. British Petroleum, 770p, remained at its overnight level, but Shell, 528p, improved 5. Ultramar continued firmly and rose 4 to 248p, Siebens U.K. however, eased 12 to 292p after recent firmness on the North Sea farm-out agreement.

Although business was at a low ebb, Investment Trusts closed with a string of small rises. Manchester and London edged forward 2 to a 1978 peak of 22p, but small selling clipped 5 from International Pacific Securities at 165p.

Dealings in Bridgewater were suspended at 7p pending an announcement. In Financials, S. Pearson finished a penny cheaper at 183p following preliminary figures in line with market expectations. Yule Catto, at 79p, gave up half of the previous day's gain of 4 which followed news of the proposed capital repayment.

Shippings held up well, sentiment being little affected by the *discouraging comments on prospects* by the chairman of Ocean Transport in the annual report. OTT closed without alteration at 119p.

Youghal Carpets featured late in Textiles, losing 7 to a 1978 low of 36p on the substantial annual deficit, while Dawson International, at 115p, gave up 5 of the recent bid-inspired advance. In contrast, the optimistic statement which accompanied the interim figures lifted G. and G. Kynoch 5 to 55p. Parkland Textile A attracted fresh speculative support and rose 4 to 72p for a two-day gain of 8. Corah hardened 1½ to 33½p and Shaw Carpets 3 to 29p.

Golds better

South African Golds staged a modest recovery in the wake of the firmer bullion price, which was finally $2.25 better at $171.125 per oz—although still $7.25 lower on the week—after the sharp falls which followed Thursday's announcement of U.S. Treasury gold sales of *300,000* ounces per month for at least six months.

The Gold Mine index regained 2.1 of the previous day's 6.4 fall leaving it 10.2 off over the week. Share prices were marked up at the outset of trading and thereafter fluctuated narrowly with interest generally at a low level.

The Orange Free State gold producers in the Anglo American group improved on consideration of the March dividend declarations which were generally satisfactory.

Western Holding's increased interim encouraged a good demand *for* the shares which advanced ¾ to £16¾, while Free State Geduld put on a half-point to £15¾. Other heavyweights to register good gains included Randfontein, a half-point dearer, *at £82¼ and West Driefontein,* which closed ¾ firmer at £17.

Durban Deep were a feature among marginals; the shares advanced 21 more to 199p—a two-day rise of 37—following news that the South African Government has granted the company an additional state loan facility of up to R2m. to December 31. The grant is subject to the facility not exceeding the loss after state assistance based on the company's 1978 results. East Rand Props. have been accorded a similar facility of up to R3m.

Financials were mixed. De Beers hardened 4 *to 329p* following the chairman's statement and annual report. On the other hand Selection Trust declined 14 more to 390p on further consideration of the results.

Rio Tinto-Zinc attracted strong support and the shares climbed 8 to equal the 1978 high of 208p. South Africa's Afrikander Lease jumped 30 to 180p, after 200p, following heavy Cape buying.

Among Australians Hampton Areas were again a feature and rose 3 more to 128p—a week's rise of 28—on takeover bid hopes following the acquisition by CCP of 17½ per cent. of the company. Elsewhere, "Tanks" rose 2 more to a 1978 high of 140p for a gain on the week of 12 on their diamond exploration hopes.

FINANCIAL TIMES STOCK INDICES

—	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Apr. 14	A year ago
Government Secs.	71.57	71.83	72.16	71.75	71.73	71.60	68.75
Fixed Interest	74.98	75.08	75.20	74.91	74.84	75.13	69.49
Industrial Ordinary	455.0	454.8	461.6	453.5	445.7	447.4	422.3
Gold Mines	136.8	134.7	141.1	137.9	142.3	147.0	113.9
Ord. Div. Yield	5.91	5.90	5.84	5.94	6.02	6.01	5.39
Earnings Y'ld%(full)(*)	17.55	17.61	‡17.26	17.44	17.69	17.69	16.22
P/E Ratio (net)(*†)	7.67	7.66	8.00	7.92	7.80	7.80	[illegible]
Dealings marked	4,299	4,995	4,568	4,608	4,482	4,930	6,856
Equity turnover £m.	—	68.33	68.73	75.98	69.11	71.43	79.98
Equity bargains total	—	13,742	14,301	15,132	14,696	14,465	17,859

10 a.m. 454.6. 11 a.m. 454.1. Noon 454.1. 1 p.m. 454.2. 2 p.m. 454.2. 3 p.m. 454.2.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.55.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	71.60 (14/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	74.84 (17/4)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (6/3)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 21	Apr. 20
—Daily		
Gilt-Edged	172.0	164.7
Industries	[illegible]	[illegible]
Speculative	32.5	41.7
Totals	97.9	113.7
5-day Av'rage		
Gilt-Edged	159.9	161.1
Industrials	154.2	161.5
Speculative	37.0	37.3
Total	104.5	107.4

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (79)

AMERICANS (4) [illegible]

TEXTILES (2) [illegible] Shaw Carpets

TRUSTS (13) Atlanta Baltimore, City & Foreign Inv., Crescent Japan, Electric & General, N.Y. & Gartmore, Scottish Ontario, Sec. Gt. Northern, West Coast & Tex. [illegible]

[illegible]

NEW LOWS (19)

[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 11	Apr. 24	July 6	July 18
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17

[illegible] *For rate indications see end of Share Information Service* [illegible]

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	9	528	+ 5	533	484
Barclays Bank	£1	7	346	− 4	353	296
BP	£1	7	770	—	864	720
ICI	£1	7	337	+ 1	365	328
RTZ	25p	7	208	+ 8	206	164
Selection Trust	25p	7	390	−14	412	375
BATs Defd.	25p	6	260	—	269	227
Beecham	25p	6	627	− 1	678	583
De Beers Defd.	R0.05	6	329	+ 4	354	285
GEC	25p	6	236	− 1	278	233
Grand Metropol.	50p	6	106	+ 2	109	87
Letraset	10p	6	163	− 4	168	98
Midland Bank	£1	6	354	+ 2	390	330
Royal Insurance	25p	6	360	+ 2	425	346
Scot. & Univ. Invs.	25p	6	122	+ 2	122	85

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
ICI	£1	63	337	+ 7	365	328
Shell Transport	25p	61	528	+20	533	484
BP	£1	56	770	+26	864	720
Barclays Bank	£1	52	346	+10	353	296
Grand Metropol.	50p	48	106	+ 3½	109	87
Marks & Spencer	25p	48	143	+ 2	160	136
BATs Defd.	25p	46	260	+ 0	269	227
RTZ	25p	44	206	+16	206	164
Beecham	25p	43	627	+ 2	678	583
De Beers Defd.	R0.05	41	329	+ 4	354	285
Burmah Oil	£1	39	51	+ 8	57	42
Commercial Union	25p	36	145	+ 3	156	138
Glaxo	50p	35	525	+10	610	515
Midland Bank	£1	35	354	+ 6	390	330
Ultramar	25p	35	248	+28	245	194

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel §	7½%
Allied Irish Banks Ltd.	7½%	C. Hoare & Co. †	7½%
American Express Bk.	7½%	*Julian S. Hodge*	8½%
Amro Bank	7½%	Hongkong & Shanghai	7½%
A P Bank Ltd.	7½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	7½%	Keyser Ullmann	7½%
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	*Lloyds Bank*	6½%
Bank of Cyprus	7½%	London Mercantile	7½%
Bank of N.S.W.	7½%	E. Manson & Co. Ltd.	9 %
Banque Belge Ltd.	7½%	Midland Bank	7½%
Banque du Rhone	8 %	■ Samuel Montagu	7½%
Barclays Bank	6½%	■ Morgan Grenfell	7½%
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7½%
Brit. Bank of Mid. East	7½%	P. S. Refson & Co.	7½%
■ Brown Shipley	7½%	Rossminster Accept'cs	7½%
Canada Perm'nt Trust	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	8½%	Schlesinger Limited	7½%
Cayzer Ltd.	8 %	E. S. Schwab	9½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	8½%
■ Charterhouse Japhet	7½%	Shenley Trust	9½%
Choulartons	7½%	Standard Chartered	7½%
C. E. Coates	8½%	Trade Dev. Bank	7½%
Consolidated Credits	6½%	Trustee Savings Bank	7½%
Co-operative Bank *	7½%	Twentieth Century Bk.	8½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	7½%	Whiteaway Laidlaw	8 %
The Cyprus Popular Bk.	7½%	Williams & Glyn's	7½%
Duncan Lawrie ¶	7½%	Yorkshire Bank	7½%
Eagil Trust	7½%		
English Transcont.	8 %		
First London Secs.	7½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
■ Antony Gibbs	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ‡	7½%		
■ *Guinness Mahon*	7½%		
■ Hambros Bank	7½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 4%, 1-month deposits 4½%.

† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½%, and over £25,000 5%.

‡ Call deposits over £1,000 4%.

§ Demand deposits 3%.

¶ *Rate also applies to Sterling Ind. Secs.*

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	—	48	26	155	110	105
Corporations Dom. and Foreign Bonds	2	14	50	75	42	213
Industrials	306	255	907	2,160	1,173	4,403
Financial and Prop.	119	66	306	954	337	1,315
Oils	6	4	28	72	30	66
Plantation	5	3	26	58	16	96
Mines	52	40	50	407	243	160
Recent Issues	2	—	14	17	14	51
Totals	490	432	1,403	3,898	1,945	6,421

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	700	50	1	69	1	81	1	772.6p
BP	800	26	8	44	1	58	10	..
Com. Union	140	12½	1	17	1	20	1	143.5p
Com. Union	160	4	4	8	1	10	1	..
Cons. Gold	160	21½	10	24	31	28	28	167.5p
Cons. Gold	180	11	18	15	5	19	30	..
Courtaulds	100	11½	14	14½	16	19½	4	109.2p
Courtaulds	110	7½	9	10	6	12	12	..
GEC	230	27	4	34	3	40	1	236.5p
GEC	240	15½	1	25	2	27	2	..
Grand Met.	100	12¾	9	16	22	18	37	106p
Grand Met.	110	7½	113	9¼	18	11½	66	..
ICI	330	24½	5	31	4	36	—	337p
ICI	360	8½	5	16	5	25	11	..
Land Secs.	180	23	1	29	—	33	13	196p
Land Secs.	200	12	1	17	—	22	1	..
Marks & Sp.	140	11	4	15½	—	20½	14	142.7p
Marks & Sp.	160	3½	2	7½	1	10½	..	..
Shell	500	48	6	69	—	68	3	528.8p
Shell	550	20	18	28	10	39	—	..

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or	Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	131	118	Saga Holidays	131	..	6.75	2.2	7.8	8.9

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or
60	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
105	Nil	[illegible]	[illegible]	[illegible]	[illegible] Manchester Assurance	[illegible]	[illegible]
62	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS and SUB-SECTIONS	Fri., April 21, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net)	Thur. Apr. 20 Index No.	Wed. Apr. 19 Index No.	Tues. Apr. 18 Index No.	Mon. Apr. 17 Index No.	Year ago (approx.) Index No.	1978 High	1978 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS	199.34	-0.2	18.08	5.94	7.79	199.45	200.42	197.87	195.39	165.22	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]														

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS

[illegible]

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

First Viking Commodity Trusts

8, St. George's St., Douglas, I.o.M.
0624 4682. Ldn. Agts. Dunbar & Co., Ltd.
53, Pall Mall, London SW17 5JH. 01-930 7857

Fst. Vik. Cm. Tst.	36.1	38.0	.....	2.39
Fst. Vk. Dbl. Op. Tst.	83.00	87.00	.....	1.29

Fleming Japan Fund S.A.

37, rue Notre-Dame, Luxembourg

F'lmg. Apr. 19	$US47.49	.....	—

Free World Fund Ltd.

Butterfield Bldg., Hamilton, Bermuda.

NAV March 31	$US172.54	.....	—

G.T. Management Ltd. Ldn. Agts.

Park Hse., 16 Finsbury Circus, London EC2.
Tel: 01-628 8131. TLX: 886100

G.T. Pacific Fd.	$US12.81	-0.19	1.28

Management International Ltd.
c/o Bk. of Bermuda Front St., Hamltn. Bmda.

Anchor 'B' Units	$US0.94	0.99	.....	1.82
Anchor Int. Fd.	$US4.12	4.38	.....	1.85

G.T. Bermuda Ltd.
Bk. of Bermuda, Front St., Hamltn., Bmda.

Berry Pac F.	$US43.75	.....	0.92
G.T. $Fd.	$US5.74	.....	0.74

G.T. Mgt. (Asia) Ltd.

Hutchison Hse., Harcourt Rd., Hong Kong

G.T. Asia F.	$HK8.89	8.56	.....	1.76
G.T. Bond Fund	$US12.49		.....	5.84

G.T. Management (Jersey) Ltd.

Royal Tst., Hse., Colomberie, St. Helier, Jersey

G.T. Asia Sterling	£12.74	13.64	.....	1.47

Bank of Bermuda (Guernsey) Ltd.
31-33, Le Pollet, Guernsey. 0481-26268

Berry Pac Strlg.	264.80	275.64	.....	1.88
Anchor Gilt Edge	£9.78	9.82	.....	13.44
Anchor In. Jsy. Tst.	24.5	26.3	.....	2.97

Gartmore Invest. Ltd. Ldn. Agts.

2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Mngt. (Far East) Ltd.
1503 Hutchison Hse., 10 Harcourt Rd., H.Kong

HK & Pac. U. Tst.	$HK2.715	2.96	.....	2.78
Japan Fd.	$US13.79	14.32	.....	0.50
N. American Tst.	$US10.35	10.85	.....	2.20
Intl. Bond Fund	$US10.15	10.99	.....	6.30

Gartmore Investment Mngt. Ltd.
P.O. Box 32, Douglas, IoM. 0624 23911

International Inc.	21.1	22.5	.....	11.4
Do. Growth	59.1	62.9	.....	4.91

Hambro Pacific Fund Mgmt. Ltd.

2110, Connaught Centre, Hong Kong

Far East Apr. 12	$HK10.61	11.16	.....	—
Japan Fund	$US7.15	7.53	.....	—

Hambros (Guernsey) Ltd./ Hambro Fund Mgrs. (C.I.) Ltd.

P.O. Box 86, Guernsey 0481-26521

C.I. Fund	138.8	147.8	.....	3.90
Intnl. Bond	$US104.91	108.15	.....	8.40
Int. Equity	$US10.35	10.67	.....	2.50
Int. Svgs. 'A'	$US2.82	1.05	.....	8.50
Int. Svgs. 'B'	$US1.84	1.87	.....	2.50

Prices on April 19. Next dealing April 26.

Henderson Baring Fund Mgrs. Ltd.

P.O. Box N4723, Nassau, Bahamas

S.A.I.L.	77	82	.....	0.84
S.A.O.L.	0.86	0.89	+0.01	4.49
Gilt Fd.	23.0	23.2	-0.1	11.85
Intl. Fd. Jersey	101	106	.....	3.47
Intnl. Fd. Lxmbrg.	$10.15	10.66	+0.05	—
*Far East Fund	97	102	.....	2.94

*Next sub. day April 26.

Schroder Life Group

Enterprise House, Portsmouth. 0705 27733

International Funds

£Equity	116.8	124.2	.....	—
$Equity	120.6	128.2	.....	—
£Fixed Interest	136.6	145.3	.....	—
$Fixed Interest	104.8	111.4	.....	—
£Managed	129.0	137.2	.....	—
$Managed	112.4	119.5	.....	—

J. Henry Schroder Wagg & Co. Ltd.

120, Cheapside, E.C.2. 01-588 4000

Cheap $ Apr. 20	11.08		+0.11	2.61
Trafalgar Mar. 31	$US108.85		.....	—
Asian Fd. Apr. 17	$US14.39	15.06	.....	3.32
Darling Fnd.	$A1.89	1.97	.....	4.90
Japan Fd. Apr. 20	$US6.58	7.07	.....	0.14

Sentry Assurance International Ltd.

P.O. Box 326, Hamilton 5, Bermuda

Managed Fund	$US1.597	1.819	.....	—

Singer & Friedlander Ldn. Agents

20, Cannon St., EC4. 01-248 9646

Dekafonds	DM24.52	25.90	-0.10	6.56
Tokyo Tst. Apr. 17	$US35.25		.....	1.75

Stronghold Management Limited

P.O. Box 315, St. Helier, Jersey. 0534-71460

Commodity Trust	93.89	98.84	.....	—

Surinvest (Jersey) Ltd. (x)

P.O. Box 98, St. Helier, Jersey. 0534 73673

American Ind. Tst.	£8.16	8.30	+0.01	1.20
Copper Trust	£10.45	11.07	+0.10	—
Jap. Index Tst.	£11.41	11.64	-0.28	—

TSB Unit Trust Managers (C.I.) Ltd.

Bagatelle Rd., St. Saviour, Jersey. 0534 73494

Jersey Fund	44.2	46.5	.....	5.16
Guernsey Fund	44.2	46.5	.....	5.16

Prices on Apr. 19. Next sub. day Apr. 26.

Tokyo Pacific Holdings N.V.

Intimis Management Co. N.V., Curacao.
NAV per share April 17. $US51.78.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Intimis Management Co. N.V., Curacao.
NAV per share April 17 $US37.73.

Tyndall Group

P.O. Box 1256 Hamilton 5, Bermuda. 2-2760

Overseas April 19	$US1.09	1.15	.....	6.00
(Accum. Units)	$US1.67	1.77	.....	—
3-way Int. Apr. 20	$US2.52	2.68	+0.02	—

2 New St., St. Helier, Jersey 0534 37331/3

TOFSL April 20	£7.20	7.70	.....	6.00
(Accum. Shares)	£11.15	11.90	.....	—
TASOF April 19	80.6	84.5	.....	—
(Accum. Shares)	80.0	84.5	.....	—

Jardine Flem. Int.†	$HK9.36		.....	—

NAV Mar. 31. *Equivalent $US58.38. Next sub. April 28.

Keyselex Mngt., Jersey Ltd.

PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr.1.339	1.409	.....	3.19
Bondselex	Fr.121.10	127.25	.....	—
Keyselex Int'l.	£6.46	7.34	.....	4.09
Keyselex Europe	£3.79	4.28	.....	3.86
Japan Gth. Fund	$US24.21	26.09	.....	—
Keyselex Japan	£11.33	12.84	-0.34	—
Cent. Assets Cap.	£132.18		+0.02	.....

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. C1 0534 73741

CMF Ltd. March 30	$US12.36	12.66	.....	—
CMI Ltd. March 30	£13.04	13.37	.....	—
Mtals Tst. Mar 20	£11.44	11.72	-0.04	—
TMT April 13	$US9.56	9.80	.....	—
TMT Ltd. April 13	£9.74	9.99	.....	—

World Wide Growth Management◆

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US13.30	-0.13 / +0.13	—

[illegible]

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. ø Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

INSURANCE BASE RATES

† Property Growth .... 8 %
† Vanbrugh Guaranteed 8.25%
† Address shown under Insurance and Property Bond Table.

CORAL INDEX: Close 453-458

APPOINTMENTS

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 45¾% (based on $US1.8250 per £)

Conversion factor 0.6863 (0.6832)

CANADIANS

S.E. List Premium 45¾% (based on $2.0888 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	180	+15	Q50c	1.3	23.7
24	17	Rhod'n Corp. 16½p.	19xd	......	0.56	ϕ	4.5
73	52	Roan Cons. K4	68	......	—	—	—
140	122	Tanganyika 50p	140	+2	Q11.0	1.1	7.9
80	78	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	36xd	......	†Q7½c	1.4	17.8
12½	10	Zam. Cpr. SBD0.24	11½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50 Toea	102	—1	Q8c	1.4	4.9
78	63	BH South 50c	73	—1	—	—	—
217	148	Conzinc Riotinto 50c	210	—2	Q10c	2.2	3.0
72	48	G.M. Kalgoorlie $1	48	......	—	—	—
128	81	Hamptn Areas 5p	126	+3	1.45	4.1	1.7
17	10	Metals Ex. 50c	17	......	—	—	—
187	125	M.I.M. Hldgs. 50c	179	—2	Q9c	1.7	3.1
24	10	Mount Lyell 25c	20	—3	—	—	—
2½	1½	Newmetal 10c	2	......	—	—	—
112	79	North B. Hill 50c	107	+2	Q8c	1.5	4.7
11½	8½	Nth. Kalgurli	10	+½	—	—	—
156	117	Oakbridge SA1	149	+3	†Q11c	1.9	4.6
40	30	Pacific Copper	34	—2	—	—	—
£10⅛	750	Pancont'l 25c	900	—25	—	—	—
18½	12	Paringa M&Ex. 5p	15½	......	—	—	—
480	310	Peko-Wallsend 50c	440	—15	Q15c	4.0	2.1
122	84	Westn. Mining 50c	117	......	Q6c	1.4	3.2
50	35	Whim Creek 20c	40	—5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
305	240	Ayer Hitam SM1	295	......	†Q41h.7c	0.9	‡
55	45	Beralt Tin	53	......	3.75	2.3	10.7
253	200	Berjuntai SM1	245	—5	†Q110c	ϕ	‡
130	111	Geevor	130	......	18.05	3.4	21.0
10	8½	Gold & Base 12½p	9½	......	—	—	—
270	220	Gopeng Cons.	225xd	+5	15.0	0.9	10.1
155	130	Hongkong	155	......	—	—	—
93	78	Idris 10p	78xd	......	7.5	ϕ	14.6
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting SM0.50	68	—1	ZQ15.5c	0.7	4.9
450	450	Killinghall	450	......	Q125	ϕ	27.8
320	280	Malay Dredging SM1	295	......	†Q95c	0.8	6.9
51	40	♦Pahang	50	—1	†Q2.5	0.5	5.0
58	50	Pengkalen 10p	50	—5	6.5	1.3	19.7
190	165	Petaling SM1	183	......	mQ12½c	10.9	1.5
61	49	Saint Piran	53	......	g1.99	4.6	5.7
61	47	South Crofty 10p	53	......	b4.13	1.5	11.8
180	140	South Kinta SM0.50	145	—5	tQ77.8c	1.4	11.5
280	230	Sthn. Malayan SM1	240	......	tQ131.3c	1.1	11.8
178	134	Sungei Besi SM1	174	—3	—	—	—
68	55	Supreme Corp. SM1	68	......	ZQ10c	—	3.2
100	85	Tanjong 15p	85xd	—2	6.5	ϕ	11.9
90	74	Tongkah Hrbr. SM1	85	—2	Q6.82%	1.6	14.4
185	148	Tronoh SM1	185	......	ZQ88c	ϕ	10.2

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	88	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
10½	9	Burma Mines 17½p.	10½	+½	—	—	—
300	220	Cons. Murch. 10c	235	......	Q30c	2.6	7.6
340	245	Northgate C$1	340	+5	—	—	—
206	164	R.T.Z.	206	+8	9.5	ϕ	7.2
46½	30	Sabina Inds. C$1	30	—1	—	—	—
950	750	Tara Exptn. $1	870	—17	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.21	2.5	4.3
162	120	Yukon Cons. C$1	155	......	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	23	—1
Bdg'wtr. Est. 50p	268	—1
Clover Croft	22	......
Craig & Rose £1	410	......
Dyson (R. A.) A	40	......
Ellis & McHdy	65	......
Evans Fr'k. 10p	57#	......
Evered	14	......
Fife Forge	47	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	150	......
Higsons Brew	80	......
I.O.M. Stm. £1	145	—2
Holt (Jos.) 25p	250	......
N'thn. Goldsmith	53	......
Pearce (C. H.)	129	......
Peel Mills	18½	......
Sheffield Brick	46	......
Sheff. Refrshmt.	50	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£93¾	—⅛
Alliance Gas	63	......
Arnott	290	......
Carroll (P.J.)	94	+1
Clondalkin	103	+3
Concrete Prods.	127	......
Heiton (Hldgs.)	40	......
Ins. Corp.	186½xd	......
Irish Ropes	132	......
Jacob	65xd	......
Sunbeam	39	......
T.M.G.	180	+3
Unidare	95	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	11
Midland Bank	25
N.E.I.	20
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3¾
Cap. Counties	5
E.P.	5
Intreuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Saturday April 22 1978

MAN OF THE WEEK

Tied to the dollar's fortunes

BY DAVID BELL

FOR THE first time in months things ought to be going right for Mr. Michael Blumenthal, the Secretary of the U.S. Treasury.

The dollar seems to be stabilising: the markets have given at least a preliminary welcome to his plan to sell gold: Wall Street has rallied in some of the most hectic trading sessions in its history: the economic indicators look more encouraging than they did two months ago.

But Mr. Blumenthal looks and sounds anything but a happy man on the eve of his visit to Europe this week. Washington has not been kind to him in his first 15 *months in office.* Within the Administration, and particularly among the President's staff, he seems forever to be at the losing end in the continuing struggle *for power and influence.*

Th White House blames *him for not* capturing that elusive substance, business confidence *(the more so* because it was his record as the chairman of the Bendix Corporation that helped him get the job). Unfairly, some of Mr. Carter's closest aides *accuse him of hounding Mr. Bert* Lance from his job as Budget Director (because the office that investigated the President's friend was under the aegis of

Michael Blumenthal
He may be down but he is not yet out.

the Treasury). And senior members of the Administration claim that he has been touchy, a trifle arrogant and too ready publicly to distance himself from policies with which he disagrees.

It has all come to something of a head in the past few days. The Secretary was among the first of Mr. Carter's advisers to concentrate his mind on inflation. *But at the last minute the President* was talked out of giving prime responsibility for the crusade against rising prices to Mr. Blumenthal. Instead the job went to the inimitable Robert Strauss, Special Trade Representative and political operator *sans pareil.*

The Secretary was furious and said so to anyone in the White House who would listen. Detailed reports of his anger duly surfaced in the Press prompting one magazine to juxtapose one headline saying "The rise of Robert Strauss" with another saying "The decline of Michael Blumenthal."

Refreshing

In fact the Secretary may be down, but he is not yet out. If he has not yet established himself like many of his predecessors in the job he has begun to make a mark. The new chairman of the Federal Reserve, Mr. William Miller, was appointed at Mr. Blumenthal's suggestion. He has worked long and hard on un*popular and complex tax reform* plans, handled New York's latest financial problems with ablomb and been particularly successful at helping reduce protectionist pressures. And it is refreshing to have a Secretary as open and straightforward as he is in private after the somewhat doc*trinaire* William Simon who preceded him.

But in public, at Press conferences and on The Hill, he remains curiously diffident, even flat at times. The result is that at critical moments as when the dollar was really under pressure, he has failed to project the authority of his office.

It is, of course, by no means all Mr. Blumenthal's fault. Economic policy-making is no more confused than other parts of the administration and he has never been allowed to take full control of the economic *policy groups* that is supposed to co-ordinate it. Like everyone else in the administration, the Secretary is also a victim of Mr. Carter's determination to take on too many complex and politically divisive issues at the same time.

Mr. Blumenthal's fortunes may improve with those of the dollar and Mr. Strauss may prove less adept at dealing with inflation than he thinks. But for the *moment all is not well at the* Treasury and the Secretary needs, sooner rather than later, to find a way to reassert the traditional pre-eminence of his office.

U.K. likely to press Schmidt on reflation

BY REGINALD DALE AND PETER RIDDELL

BRITAIN IS expected to renew efforts to persuade West Germany to reflate its economy as a contribution to world-wide recovery during the two-day Anglo-German summit that starts in London to-morrow.

The talks, at which Herr Helmut Schmidt, the Chancellor, will lead a strong West German Ministerial team, are likely to be *dominated by preparations for* the next two international economic summits—that of the EEC in Bremen in early July and the seven-nation world *economic summit in Bonn a week* later.

But while the British side is hoping for "solid progress" towards putting together a new international growth package, there has been no sign from Bonn that Herr Schmidt is any readier to undertake the sort of policy *commitments that he has consis*tently resisted in recent months.

His reluctance is likely to be matched by continuing British opposition to plans for closer EEC currency *co-operation that* were supported by Herr Schmidt at the Community's Copenhagen summit earlier this month.

The British position remains that any new currency arrangement must include the dollar and not be limited to Europe. There is no enthusiasm in White*hall for linking the pound more* closely to the jointly floating European currency "snake."

British Ministers are likely to raise proposals for increasing the role of the International Monetary Fund which will be discussed at the Fund's interim committee of finance ministers in Mexico in a week's time.

The authorities in London accept that the U.S. should do rather more to accept the responsibilities of running a *reserve currency.* But British Ministers argue that the U.S. Administration's political willingness to take such a view depends on EEC moves to boost demand.

The British team, led by Mr. James Callaghan the Prime Minister, is also likely to take the opportunity to try to repair some of the damage to Anglo-German relations caused recently by disputes over EEC issues such as fisheries and farm prices.

British Ministers will try to convince their German counterparts that the U.K. has done no more than defend its legitimate national interests and that in many areas the interests of London and Bonn coincide.

In particular, the U.K. side will be insisting that the fisheries *policy should be dealt* with on its own merits and not linked to other EEC issues.

U.K. participants are expected to point out that they share Bonn's concern over excessive spending from the Community budget, to which both countries are major contributors.

A further subject for the talks may well be the future of European co-operation in civil aircraft construction. The West Germans would be dismayed if the U.K. plumped for collaboration with the U.S. in preference to joint projects with other European countries such as Germany *and France.*

Herr Schmidt will spend most of his time at Chequers for talks with Mr. Callaghan. On Monday afternoon the two teams will meet in a full session that will also be attended by Herr Hans Matthoefer, the West German Finance Minister, Dr. Hans Apel, Defence, Herr *Hans-Dietrich* Genscher, Foreign Affairs, Count Otto Lambsdorff, Economics, and Dr. Otmar Emminger, the President of the Bundesbank.

British participants at the regular twice-yearly talks will be Mr. Callaghan, Mr. Denis Healey, the Chancellor, Dr. David Owen, Foreign Secretary, Mr. Fred Mulley, Defence Minister, and Mr. Harold Lever, Chancellor of the Duchy of Lancaster.

The British Government has already had separate discussions with M. Francois-Xavier Ortoli, the EEC Commissioner for Economic and Monetary Affairs, on the proposals for concerted EEC action to boost demand. He visited London on Thursday.

Lloyd's considers further bids

BY JOHN MOORE

LLOYD'S of London is considering at least two other bids for Lloyd's brokers by what it has defined this week as outside insurance interests. These cases are due to come before the Committee of Lloyd's at its next meeting on Wednesday.

They are believed to be similar cases to the planned bids by U.S. brokers Frank B. Hall and Marsh and McLennan for Leslie and Godwin and Wigham Poland respectively.

Meanwhile, in New York, Mr. John M. Regan, Marsh and McLennan's chairman, has described the Lloyd's ruling, which said that no insurance company, underwriting agency, or non-Lloyd's broker should hold more than 20 per cent. of the equity of a Lloyd's broker, as "a backward step which is not in the interest of free trade."

He added: "We realise that it is the prerogative of the Lloyd's Committee. But we hope that they would reconsider their decision. We do not understand why they have changed the rules. After all there are established cases for outside insurance interests owning a Lloyd's broker."

In London Mr. Albert J. Tahmoush chairman and chief executive of Frank B. Hall, had an hour-long meeting with Mr. Ian Findlay, the chairman of Lloyd's.

Mr. Tahmoush, who is still keen that Hall should forge closer trading links with Leslie and Godwin, said: "The meeting was amicable. We wanted to get a better understanding of each other's motivations. We will now ponder whether we can accomplish our operational objec*tives within the spirit of the* Lloyd's guidelines."

But, he added: "A 20 to 25 per cent. stake in Leslie would not quite accomplish what we want to do."

Marsh and Hall are both anxious to own British-based Lloyd's brokers since they view it as a development and con*solidation of their international* operations.

Both insist that the issue of the sharing of commissions with Lloyd's brokers was not a primary consideration. And both are anxious not to upset Lloyd's.

However, Lloyd's said yesterday that there was "not much latitude" available to outside insurance interests under the terms of the new ruling.

Lloyd's has also said that a dispute between Frank B. Hall and two Lloyd's brokers, Thomas Nelson Insurance and Oakeley Vaughan over some reinsurance contracts, had not been a consideration when they formed their decision. "The committee was aware of it, but did not discuss it," said Lloyd's.

Lloyd's under pressure, Page 9

Setback for engineers' group

BY ALAN PIKE, LABOUR CORRESPONDENT

THE Advisory, Conciliation and Arbitration Service has refused again to recommend recognition for the non-TUC-affiliated United Kingdom Association of Professional Engineers in an engineering plant despite evidence of majority support.

The decision is similar to another finding against the association last year which the union is asking the High Court to set aside. A hearing has yet to take place.

Both cases—which come at a time when union representation of managers and professional staff is an issue in the engineering and shipbuilding industries—involve the arbitration service's finding a majority for the association among the sections *of employees interviewed* but not recommending recognition for wider reasons.

In the latest case, at the Kent-based Electro Dynamic Construction, a list of 35 employees was agreed as the appropriate group for survey and 34 were interviewed by the service. The inquiries showed that 71 per cent. were in favour of being represented by a union with 19 (56 per cent.) opting for the association and five (15 per cent.) another union.

The case being contested in court follows the rejection by the service of a recognition claim by the association *at W. H.* Allen Sons and Co. at Bedford, where a survey showed 79 per cent. support for the union in the area which it wanted to organise.

The conciliation service stresses in its report on the Electro Dynamic Construction claim that the service has to consider the "overall and cumulative effect of its actions" when making recommendations.

While the wishes of the workers involved were always an important factor, it had to take into account other considerations including organisational structures, the views of all parties concerned and any existing bargaining procedures including industry wide arrangements to which the employer was a party.

The company, the Engineering Employers' Federation and the Confederation of Shipbuilding and Engineering Unions resisted the extension of recognition to the association. In evidence the employers said that disturbance of existing arrangements would create serious stresses and it would be "quite anomalous for a union, by gaining a majority in one area of one firm, to *secure formal recognition in the* engineering industry."

The arbitration service says in its conclusions that it cannot disregard the implications for industrial relations within the engineering industry of any recommendation which would be strongly opposed by the engineering employers and the confederation which represented the vast majority of employers and workpeople.

Both sides had sought to reduce fragmentation of representation and it was in the interests of good industrial relations that this should be encouraged.

PERSONAL SAVINGS FLOW INTO BUILDING SOCIETIES

Heavy share sales by private investors

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PRIVATE investors have continued to sell shares at a near record rate while building up *their national savings and build*ing society deposits.

This is shown by Central Statistical Office figures yesterday which also highlight the steadily growing inflows into life assurance companies and pension funds.

The personal sector cut its holdings of company securities by £575m. in the final three months of last year.

This compares with a reduction of £588m. in the July-September quarter when share prices were at an all-time high, though a much larger decline (of £848m.) was originally estimated for this period.

Private investors have been selling shares on a large scale for several years. But reduc*tions in holdings of company* securities of £1.85bn. in 1977 was around three-fifths higher than in each of the previous three years and was only just short of the previous record sales of £1.97bn. in 1973.

This suggests that private investors were taking advantage of *relatively high share prices* during a large part of 1977.

The decline in private shareholdings has been matched by a sharp rise in various fixed interest investments and in inflows into life companies and pension funds.

Private individuals' deposits with building societies rose by £1.96bn. in the last three months of 1977 and by £5.69bn. over last year as a whole, compared with an increase of £3.3bn. in 1976.

National savings deposits rose by £1.9bn. last year, against an increase of £791m. in the previous year, which more than offset a decline in net personal sector purchases of gilt-edged stock from £1.73bn. to £833m. between the last two years.

The *main* long-term change has been the growth of life assurance companies and pension funds. Inflows into these institutions in 1977, at £6.53bn., were 14 per cent. up on the previous year and nearly double the level of 1973.

This trend is shown by figures for the financial accounts of the different sectors of the economy. These indicate the undistributed income available for acquiring financial assets, after deducting all outgoings, including capital investment.

The personal sector usually has a surplus, which last year rose by just over £600m. to £8.86bn., even after a sharp rise in its expenditure on fixed assets, mainly the purchase of houses, from £3.59bn. to £4.19bn.

PERSONAL SECTOR ACQUISITION AND SALE OF FINANCIAL ASSETS

		Company securities £m.	Inflows to life assurance companies and pension funds £m.
1976		−1,140	5,713
1977		−1,845	6,523
1976	1st	−372	1,577
	2nd	−139	1,381
	3rd	−279	1,384
	4th	−350	1,371
1977	1st	−493	1,774
	2nd	−189	1,624
	3rd	−588	1,591
	4th	−575	1,534

Not seasonally adjusted
Source: Central Statistical Office

New £10m NEB aid for Alfred Herbert

By Arthur Smith, Midlands Correspondent

CREATION of £10m. of new equity capital to support "*a major reorganisation and re-equipment programme*" at Alfred Herbert, the State-owned machine tool company, was announced yesterday by *the National Enterprise Board.*

Capital spending in the current year is expected to be more than £5m. Heavy investment is under way on product development and modernisation to move the company upmarket into more sophisticated machinery, and to raise pro*ductivity and profitability.*

Collapse

The Government saved Herbert from collapse in 1975 *by injecting £25m. of equity to* replace fixed interest debt and losses. Another £5m. was pro*vided by the NEB to finance* machine tool stockholding.

Herbert announced a pre-tax loss of £236,000 for 1977, compared with a profit of £685,000 the previous year. Redundancy costs and currency losses were responsible for special provisions of £736,000.

*Sir John Buckley, the chair*man, is expected to give some indication of employment prospects in his annual report next month.

The company has already announced that it wants to shed 150 jobs this summer by closing part of the Edgwick plant, at Coventry.

Confidence

Three hundred voluntary redundancies this year have already reduced the Edgwick workforce to 1,460. Marketing studies suggest that demand is *unlikely to imporve for at least* two years.

The NEB, by subscribing 40m. new shares, has clearly given a vote of confidence to the ambitious policy being pursued by management to make the company viable.

The stronger financial posi*tion will also improve Herbert's* case for assistance under the Department of Industry's machine tool aid scheme.

Herbert has made applications for modernisation projects at its three major plants.

Weather

U.K. TO-DAY

DRY, becoming cloudy in the W.

London, S.E., Cent. S., E., N.E., Cent. N. England, Borders, *Edinburgh, Dundee, E. Midlands,* E. Anglia

Dry, sunny spells. Max. 14C-15C (57F-59F).

W. Midlands, N.W. England, Channel

Dry, sunny intervals. Max. 13C-14C (55F-57F).

S.W. England, Wales

Sunny in places. Max. 12C-13C (54F-55F).

Lakes, I of Man, S.W. Scotland, Glasgow, Argyll

Bright becoming cloudy with rain. Max 12-14C (54-57F).

Aberdeen, N.E. Scotland, Orkney, Shetland

Cloudy, mostly dry. Max 7-9C (45-48F).

Cent. Highlands, Moray Firth, N.W. Scotland

Dry, sunny spells. Max 13-15C (55-59F).

N. Ireland

Becoming cloudy with rain. Max 12C (54F).

Outlook: Mostly dry in E. with sunny intervals, occasional rain in W., rather warm.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm	F	12	54	Luxembrg	F	10	50
Athens	F	16	61	Madrid	S	16	61
Bahrain	S	26	80	Manchestr	C	11	52
Barcelona	S	15	59	Melbourne	C	18	64
Beirut	S	19	66	Mexico C.	S	29	84
Belfast	F	12	54	Milan	C	13	55
Belgrade	S	19	66	Montreal	C	5	41
Berlin	C	10	50	Moscow	F	16	61
Birmingham	C	10	50	Munich	F	10	50
Bristol	C	9	48	Newcastle	C	9	48
Brussels	S	13	55	New York	C	11	52
Budapest	C	13	55	Oslo	C	5	41
B. Aires	S	19	65	Paris	F	12	54
Cairo	S	20	68	Perth	S	22	72
Cardiff	R	7	45	Prague	C	14	57
Chicago	S	5	41	Reykjavik	F	5	41
Cologne	F	11	52	Rio de J'o	S	29	84
Copenhagn	S	14	57	Rome	C	14	57
Dublin	C	10	50	Singapore	S	30	87
Edinburgh	C	8	46	Stockholm	C	5	41
Frankfurt	C	10	50	Strasbourg	C	13	55
Geneva		11	52	Sydney	C	20	68
Glasgow	F	12	54	Tehran	C	23	74
Helsinki	S	12	54	Toronto	S	2	36
H. Kong	S	25	77	Tokyo	S	13	55
Jo'burg	S	24	76	Vienna	F	12	54
Lisbon	S	18	64	Warsaw	C	16	61
London	C	10	50	Zurich	F	11	52

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	15	59	Jersey	F	10	50
Biarritz	F	13	55	Las Palmas	S	20	68
Blackpool	C	9	48	Locarno	F	14	57
Bordeaux	F	13	55	Majorca	S	17	63
Boulogne	F	9	48	Malaga	S	21	70
Casablanca	S	18	64	Malta	R	12	55
Cape Tn	S	21	70	Nairobi	S	23	73
Corfu	F	16	61	Naples	F	14	57
Dubrovnik	C	14	57	Nice	R	12	54
Faro	S	17	63	Oporto	S	17	63
Florence	C	16	61	Rhodes	F	16	61
Funchal	F	19	66	Salzburg	C	11	52
Gibraltar	S	24	75	Tangier	S	19	66
Guernsey	F	10	50	Tenerife	S	23	73
Innsbruck	C	10	50	Tunis	R	13	55
Inverness	F	9	48	Valencia	S	18	64
Is. of Man	C	11	52	Venice	C	14	57
Istanbul	F	14	57				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

Keeping an eye on Wall Street

Index rose 0.2 to 455.0

After its dramatic upsurge at the beginning of the week the New York stock market was going nowhere yesterday. Trading volume *was sharply down* and the index had barely moved by lunch time. The logical justification for the pause was the U.S. *money supply* data with M1 jumping $2.1bn. after just 0.4bn. the week before. But logic could not have stopped *this* week's stampede any more than it could have started it. The message of the week was that if Wall Street is unstable in any direction now it is unstable upwards. The U.S. institutions were an estimated 15 per cent. liquid a week ago. Some indefinable improvement *in* their group sentiment triggered an awesome demonstration of that potential buying power.

The strengthening of the dollar has encouraged the foreign investor to participate—witness, as far as the U.K. is concerned, the steady rise of the investment dollar premium. The week's events have tended to reinforce the City of London's growing faith that New York equities are undervalued and must move up. Thus the discount on the net asset value of investment trusts specialising in the U.S. has narrowed substantially—from 25 to around 19 per cent.—and British unit trusts with a transatlantic specialisation are advertising heavily for new funds.

Options open

Why did a six-month option to buy Courtaulds at 100p cost no more—at 11½p—last night than the three-month contract? Stripping out the intrinsic value with the underlying shares at 109p the effective premium in force at those two dates is only just over 2 per cent., but it shoots up to around 10 per cent. for the January contract. In contrast, *the effective premium* levels over intrinsic value for ICI 330s at the three dates are 5, 7 and 9 per cent., much more in line with the expected relationships.

It is this kind of anomaly which the traded option fans will be pondering on during the week-end, as they consider the potential for dealing in London in the light of Chicago experience. At least all concerned declared themselves happy with a first day tally of nearly 600 contracts, though institutional participation appears to have been minimal.

At this early stage, the general impression is that option prices are on the low side—not surprising, perhaps, in the light of uncertainty about the equity market's near term prospects, and the likely preponderance of writers in the U.K. compared with U.S. conditions. Predictably, action concentrated yesterday on the more volatile stocks like Consolidated Gold Fields and Grand Met.

Ford

It is not often these days that *really good profits are made in* British industry, and the car business is one of the last places most people would think of *looking for them. Yet last year* the U.K. side of Ford increased its inflation-adjusted pre-tax profits by no less than 220 per cent. to a total of £170m., on turnover which is up by under 40 per cent. The net margin is more than doubled from 3.2 to 7.5 per cent.

The pre-tax real return on capital was an outstanding 18 per cent.—probably 2½ times *what it was in 1976. Just how* striking this performance is becomes evident from a comparison with the average real *rate of return of British in*dustry. Last year saw a degree of recovery but the real return on capital (excluding North Sea oil activities) was still a[...] able 3½ per cent.

In cash terms, the figures mean that trading [...]ated £296m. last year [...] further £13m. came [...] medium-term borrowing [...] this £75m. was reinves[ted in] fixed assets, £15m. was [...] in a dividend, £19m. w[ent in] taxes, and £200m. we[nt into] further working capital. Ford is planning to p[ay] another dividend of £78m [...] reserves, while capital s[pending] is to total a massive £1b[n. over] the next four years.

Long tap

Institutional fund m[anagers] are keen to get their tee[th into] a really long gilt-edged [...] say with a redemptio[n] around 2005—but the a[uthori]ties went only part of t[he way] yesterday with an is[sue of] £800m. of Exchequer [...] cent. 1998 at £96. Clear[ly the] authorities are relucta[nt to] commit themselves to [...] yields (this new tap yield[s ...] per cent. to redemptio[n ...] longer than is absolutely [neces]sary. But this looks to [be a] reasonable compromise.

The curious point is t[hat the] new tap is partly paid[, with] only £30 payable on iss[ue ...] Thursday, and another [...] May 15 in time to co[...] the May banking month [...] with the final £31 d[ue] until June there appears [...] no rush to fund the b[...] Government deficit wh[ich the] Chancellor foreshadowed [in the] Budget speech. Nor is the [...] short tap for the time be[ing ...]

Maybe the official tacti[c is] *to adopt a deliberately* [...] approach, in the belief th[at] institutions are more lik[ely to] be buyers in a relatively [...] *atmosphere. Or maybe t*[...] some other reason [...] unofficial gilt sales, perha[ps] heavy support of sterling [in] *the foreign exchanges*—w[...] May money supply will [...] such a serious proble[m as] originally expected.

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